



GMA SHRM Strategic Summit

HR Metrics That Matter Most

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Participant Materials





Table of Contents

Goals.....	3
Building Blocks.....	4
Stop! – What are you doing? Why are you doing it?.....	5
Generalities v Specifics.....	6 - 7
Transforming Intangibles into Metrics.....	8 - 9
Relating HR Metrics to Organizational Goals and Objectives.....	10
What’s on Your Dashboard?.....	11 - 12
Sample – Standard Form 100 (EEO-1).....	13
Key Performance Indicators.....	14
Common Key Indicators.....	15
Pictures Speak a Thousand Words.....	16
Appendix.....	17
• HR Metrics Standards & Glossary.....	18 - 45
• HR Matrices Interpretation Guide.....	46 - 75
• OSHA Recordkeeping SIC Code Exceptions.....	76
• OSHA Form 300.....	77
• Max Muller.....	78 - 79



Goals

During this *HR Metrics That Matter Most* session participants will learn how to identify stakeholders and their requirements; key performance indicators; and, how to construct formulae to measure things like workforce productivity, employee engagement, various turnover rates, recruiting effectiveness, focused retention rates in key jobs, and more.

Objectives

Participants will learn how to:

- Identify stakeholders and their requirements
- Employ a three-part process in measuring HR's impact on various organizational processes and operations
- Define different types of data
- Tie different data sets together
- Interface raw data collection, metrics and analytics to create meaningful information
- Create HR-related formulae
- Access key HR-related formulae

Building Blocks

Gather *raw data*

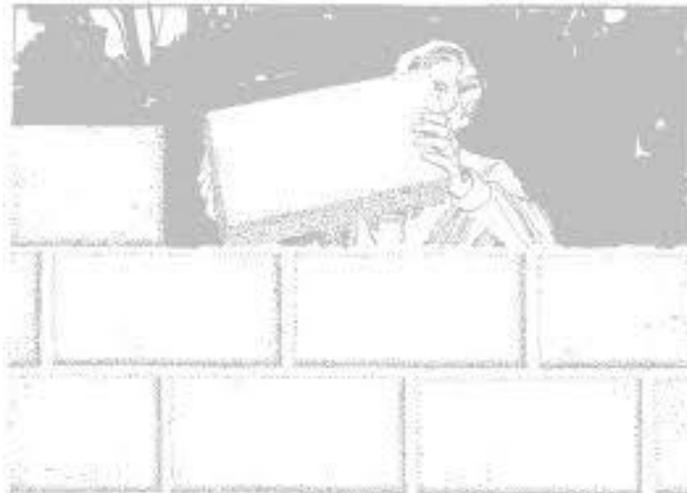
Data is basically factual information in a raw or unorganized form to use as a basis for reasoning or calculation. Example: Number of women in key managerial positions.

Decide what *metrics* to use

Metrics are measurements used to transform data from two or more sources into information. Example: This would be using a formula to compute the differences between the incomes of males in management positions versus those of women in managerial positions.

Apply *analytics*

The methodical application of logic to organizational data in order to discover underlying truths.





Stop! – What are you doing? Why are you doing it?

Grade School Math

$$\frac{\text{Numerator}}{\text{Denominator}} = \text{Quotient of the Division}$$

Why are you looking at THAT?

$$\frac{\text{Women in Management Positions}}{\text{Number of Management Positions}} = \frac{3}{27} = 0.111$$

What does this number mean to you?

$$\frac{\text{Women in Management Positions Requiring an Advanced Degree}}{\text{Number of Management Positions Requiring an Advanced Degree}} = \frac{3}{7} = 0.429$$

What does this number mean to you?

Heuristic Decision Making

Educated guesses, rules of thumb, intuitive judgments, common sense

Use when:

- you have to make a spur-of-the-moment decision OR
- you have limited information and cannot obtain more OR
- the decision is not that important

Don't use when:

- you have adequate time and information to make an important decision OR
- you need to be right 100% of the time



Generalities v Specifics

Companywide versus Subsets

Entire Organization	Department A	Department B	Department C
Separations¹ 24 ----- = 20%	2 ---- = 0.13	11 ---- = 0.34	11 ---- = 0.16
Total Workers 117	15	32	70

- $15 + 70 = 85$ workers in Departments A and C
- $85 / 117 = 73\%$ of entire workforce
- $13 / 85 = 15\%$ separations for 73% of the entire workforce versus a 34% separations rate for 27% of the entire workforce in one Department

Building Formulae

☆ The numerator is the subset item you're interested in and the denominator is the total of something.

Example 1 – Multi-Generational Compositions

Analyzing your workforce to determine multi-generational compositions. Building an appropriate ratio formula would involve an age group being the numerator and the total number of employees being the denominator. Example:

25-29 years old / Total number of FTEs *or*
 55-59 years old / Total number of FTEs

OR - computing the percentage of employee hired externally that are between certain age groups:

New Hires who are between 25-29 Years old / New Hires Total *or*
 New Hires who are between 55-59 Years old / New Hires Total

¹ The U.S. Bureau of Labor Statistics (BLS) uses the terms *accessions* and *separations* to describe movement into and out of the organization. Generally, transfers and promotions aren't counted in the turnover rate since they don't involve people either becoming or ceasing to be employees.



Generalities v Specifics, continued

Example 2 – Employee Turnover

Turnover is generally viewed as movement into and out of the organization, e.g., *accessions* and *separations*.

- Accessions generally involve new hires
- Separations are subdivided into:
 - Quits,
 - Layoffs, and
 - Discharges

Turnover is also often typed as either being *voluntary* or *involuntary*.

☆ Using a single number to express the percentage turnover for your organization is too simplistic. It doesn't indicate who is leaving and why. Therefore, focus in on smaller clusters of data in order to figure out what's going on.

Start with two basic formulae to study turnover – the accession rate and the separation rate.

Determining the Accession Rate

$$AR = \frac{TH}{HC}$$

AR = Accession rate
 TH = Total hires during the period (e.g., 157)
 HC = Average headcount employees (e.g., 1,754)

Example:

$$AR = \frac{157}{1,754} = 0.0895 > 9\%$$

Determining the Separation Rate

$$SR = \frac{TT}{HC}$$

SR = Separation rate
 TT = Total Terminations during the period (e.g., 87)
 HC = Average headcount employees (e.g., 1,754)

Example:

$$SR = \frac{87}{1,754} = 0.0496 > 5\%$$

We're adding more staff than we're losing. Good? Bad? What do YOU think...?

Transforming Intangibles into Metrics

Intangibles

It's hard to measure intangibles like attitudes and engagement and leadership and commitment. Therefore, we have to break intangibles down into things that are measurable like outcomes or actions.

If we've defined the nature of the outcome or outcomes we're interested in, then we can measure if those things have occurred, how often they've occurred, and how often they've met our benchmarks. Did the actual performance match our projections?

In other words – we need to create survey questions and assign numeric values to them.

Creating Surveys

1. Draft a set of questions
2. Assign a numeric value to each question
3. Undertake the survey
4. Analyze the resulting numbers





Transforming Intangibles into Metrics, continued

Survey Example

If we want to determine what percentage of our employees actually enjoy coming to work - *we have to ask them*. Simply looking at absenteeism rates won't really provide you with the necessary information.

- Questions and Values

1. Are you satisfied with the physical environment in which you work?
 - a. Happy 5
 - b. Very satisfied 4
 - c. Satisfied 3
 - d. Not satisfied 2
 - e. Unhappy 1
2. Are you satisfied with the guidance you receive from your immediate supervisor?
 - a. Happy 5
 - b. Very satisfied 4
 - c. Satisfied 3
 - d. Not satisfied 2
 - e. Unhappy 1
3. Are you satisfied with working at XYZ Company?
 - a. Happy 5
 - b. Very satisfied 4
 - c. Satisfied 3
 - d. Not satisfied 2
 - e. Unhappy 1

- Assume 55 workers respond.
- If everyone was totally happy the score would be $15 \times 55 = 825$.
- Further assume:

$$\begin{array}{r} 3 \text{ respondents} \times 15 \text{ rating} = 45 \\ 39 \text{ respondents} \times 12 \text{ rating} = 468 \\ 8 \text{ respondents} \times 9 \text{ rating} = 72 \\ 3 \text{ respondents} \times 6 = 18 \\ 2 \text{ respondents} \times 3 = 6 \\ \hline 609 \end{array}$$

- Analysis: 50 of our employees (91%) are satisfied or better with their jobs, while 5 of them (9%) are dissatisfied.



Relating HR Metrics to Organizational Goals and Objectives

HR Dashboards vs HR Scorecards

HR Dashboards	HR Scorecards
<ul style="list-style-type: none"> • Dashboards contain standard metrics that are always tracked. • Dashboards are operational in that they use relevant metrics to provide snapshots of organizational health. 	<ul style="list-style-type: none"> • Scorecards contain goal-based metrics. • Scoreboards are strategic in that they use relevant metrics to measure progress toward goals.
<p>Strategic metrics can also show up on the HR dashboards because they may measure movement in key areas of ongoing concern, e.g., turnover.</p>	

Strategic Level Decisions – Impact the organization on a long-term basis, e.g., goals

Tactical Level Decisions – Occur with some frequency – weekly, monthly and quarterly. Are the objectives by which your company’s goals will be met

Operational Level Decisions – day-to-day decisions.



What's on Your Dashboard?

Compliance Metrics

- **OSHA Injury and Illness Records² – Form 300** [see appendix]
 - Organizations subject to OSHA must maintain and retain records in accordance with 29 CFR 1904. Exceptions:
 - *Size Exception* - A company that had ten (10) or fewer employees at all times during the last calendar year does not need to keep OSHA injury and illness records.
 - *SIC Code Exemption* - Employers are not required to keep OSHA injury and illness records for any establishment classified in the Standard Industrial Classification (SIC) codes listed in *Non-Mandatory Appendix A to 29 CFR 1904 Subpart B -- Partially Exempt Industries*. See appendix. **Note:** Most dental and medical practices are exempt from OSHA recordkeeping under 29 CFR 1904. Organizations exempt from OSHA recordkeeping do not have to maintain a sharps injury log under the Bloodborne Pathogen Standard. See 29 CFR 1904(h)(5)(ii). Hospitals and nursing homes are not exempt from OSHA recordkeeping.
 - A partially exempt organization may still have to maintain OSHA records for a designated year if directed to do, in writing, by OSHA, the Bureau of Labor Statistics (BLS), or state agency operating under the authority of OSHA or the BLS.
 - **Days Away, Restricted, or Transferred (DART) Rate:**
 - The DART rate includes cases involving days away from work, restricted work activity, and transfers to another job.

DART Rate Calculation:

$$\text{DART} = \text{N/EH} \times 200,000^*$$

N = Total number of injuries and illnesses with Days Away From Work + total number of injuries and illnesses resulting in days with Restricted Work

EH = Total number of hours worked by all employees, including management, temporary, and leased workers.

* Base for 100 full-time equivalent workers

DART Rate Example: If you have 50 employees who work a total of 100,000 hours during the year and have experienced 10 recordable injuries, the DART rate would be $(10 \div 100,000) \times 200,000 = 20$.

The total number of injuries and the total number of hours the employees work during the year are the two important figures entered into the formula. The number of employees doesn't matter.

² See www.osha.gov; 29 CFR 1904



What's on Your Dashboard?, continued

- **EEO-1 Survey³**

- Who must file

Standard Form 100 (EEO-1) [Statistical Analysis to Identify Intentional Employment Discrimination] must be filed by:

- A. All private employers who are:
 - 1. subject to Title VII of the Civil Rights Act of 1964 (as amended by the Equal Employment Opportunity Act of 1972) with 100 or more employees EXCLUDING State and local governments, primary and secondary school systems, institutions of higher education, Indian tribes and tax-exempt private membership clubs other than labor organizations;
OR
 - 2. subject to Title VII who have fewer than 100 employees if the company is owned or affiliated with another company, or there is centralized ownership, control or management (such as central control of personnel policies and labor relations) so that the group legally constitutes a single enterprise, and the entire enterprise employs a total of 100 or more employees.

- B. All federal contractors (private employers), who:
 - 1. are not exempt as provided for by 41 CFR 60-1.5,
 - 2. have 50 or more employees, and
 - a. are prime contractors or first-tier subcontractors, and have a contract, subcontract, or purchase order amounting to \$50,000 or more; or
 - b. serve as a depository of Government funds in any amount, or
 - c. is a financial institution which is an issuing and paying agent for U.S. Savings Bonds and Notes.

Only those establishments located in the District of Columbia and the 50 states are required to submit Standard Form 100. No reports should be filed for establishments in Puerto Rico, the Virgin Islands or other American Protectorates.

³ See <http://www.eeo1.com/EEO1Inst.htm>



Sample - Standard Form 100 (EEO-1)

SF 100 - Page 2

Section D-EMPLOYMENT DATA
(Report employees in only one category)

Job Categories	Number of Employees (Report employees in only one category)														Total Col A - N	
	Hispanic or Latino							Not-Hispanic or Latino								
	Male		Female		White	Black or African American	Native Hawaiian or Other Pacific Islander	Asian	American Indian or Alaska Native	Two or more races	White	Black or African American	Native Hawaiian or Other Pacific Islander	Asian		American Indian or Alaska Native
	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	
Executive/Senior Level Officials and Managers																
First/Mid-Level Officials and Managers																
Professionals																
Technicians																
Sales Workers																
Administrative Support Workers																
Craft Workers																
Operatives																
Laborers and Helpers																
Service Workers																
TOTAL																
PREVIOUS YEAR TOTAL																

1. Date(s) of payroll period used: _____ (Omit on the Consolidated Report.)

Section E - ESTABLISHMENT INFORMATION (Omit on the Consolidated Report.)

1. What is the major activity of this establishment? (Be specific, i.e., manufacturing steel castings, retail grocer, wholesale plumbing supplies, title insurance, etc. Include the specific type of product or type of service provided, as well as the principal business or industrial activity.)

Section F - REMARKS

Use this item to give any identification data appearing on the last EEO-1 report which differs from that given above, explain major changes in composition of reporting units and other pertinent information.

Section G - CERTIFICATION

Check 1 All reports are accurate and were prepared in accordance with the instructions. (Check on Consolidated Report only.)
 Check 2 This report is accurate and was prepared in accordance with the instructions.

Name of Certifying Official: _____ Title: _____ Signature: _____ Date: _____

Name of person to contact regarding this report: _____ Title: _____ Address (Number and Street): _____

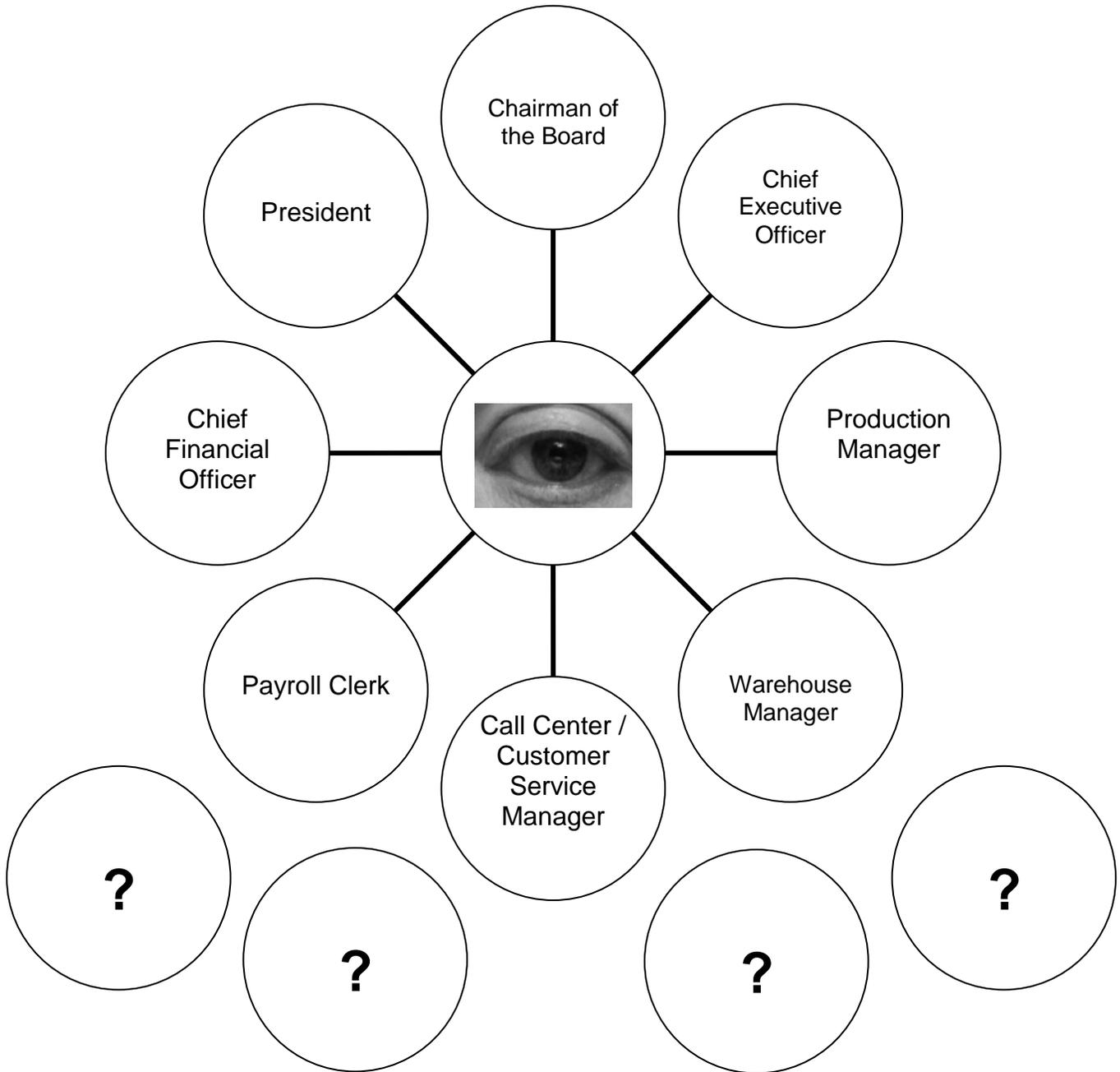
City and State: _____ Zip Code: _____ Telephone No. (including Area Code and Extension): _____ Email Address: _____

All reports and information obtained from individual reports will be kept confidential as required by Section 709(e) of Title VII. WILLFULLY FALSE STATEMENTS ON THIS REPORT ARE PUNISHABLE BY LAW, U.S. CODE, TITLE 18, SECTION 1001



Key Performance Indicators

The Eye of the Beholder





Common Key Indicator Categories

- There are hundreds of metrics in use by HR today, ranging from the most basic (employee turnover) to highly complex scorecards and workforce analytics.
- Commonly used key indicators
 - **Recruiting metrics** measure activities involved in the stages of attracting and selecting top talent. Quantify variables such as: new hire performance, turnover rates of new hires, impact of a poor hire, and return on investment in a new hire.
 - **Staffing metrics** quantify the return on investment in your employees, e.g., cost per hire, recruiting efficiency ratio, and the cost to replace an employee.
 - **Retention metrics** measure important aspects of turnover such as turnover rate, average tenure, the rate of a veteran worker, or the financial impact of employee turnover.
 - **Training and development metrics** often demonstrate the success of professional development processes and how much they help the organization achieve its business goals. Measure activities such as: orientation, training process time and costs, and the time and cost of on-the-job learning.
 - **Workforce Demographics** are things like how many men, how many women, how many Hispanics in management positions, salary of African Americans in various jobs versus others in the same positions, turnover rate, how many workers over 40 years of age, and so forth.
 - **HR Efficiency** measures the impact of HR functions on the organization, e.g., how quickly are vacancies filled and similar concerns.

Bottom-Line Measures	Other Measures
<ul style="list-style-type: none">• Financial performance• Market share• Employee productivity• Customer service• Quality• Safety• Turnover/retention• And more . . .	<ul style="list-style-type: none">• Level of trust• Employee commitment / alignment• Satisfaction with Management• Perception of company culture/work environment• Job satisfaction• And more . . .



Pictures Speak a Thousand Words

Presenting Your Findings

- Bar charts
- Line charts(also: run charts; control charts)
- Pie charts
- Maps
- Scatter plots
- Gantt charts
- Bubble charts
- Histograms
- Cause and effect diagrams, e.g., fishbone diagram
- Bulleted lists

Sources

Two internet sources where you can get both good explanations of different types of graphs and charts, and information on how to visually present them: [Max Muller has no connection whatsoever with either of these groups.]

- Skymark - detailed explanations of many different types of charts and graphs.

<http://www.skymark.com/resources/tools/cause.asp>.

- tableau® software - published an excellent whitepaper titled, "Which chart or graph is right for you? Tell impactful stories with data," that explains different ways of presenting data. Note: You might have to share your contact information with them before they'll let you download the document.

<http://www.tableausoftware.com/learn/whitepapers/which-chart-or-graph-is-right-for-you>

Thank you for your time, energy and attention.

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APPENDIX



HR Metrics Standards & Glossary

Version 7.2 / November 2013

<http://www.hrmetricservice.org/standards-and-glossary/>

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HR Metrics Standards and Glossary

<http://www.hrmetricsservice.org/standards-and-glossary/>

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The purpose of this document is to allow HR practitioners to quickly and easily review a common set of HR metrics and choose those that best fit their organization. Alongside the listing of metrics, we are providing a common standard for measurement that allows organizations to compare their scores with others using the same standards.

This document contains the following three sections:

Minimum data points

There are 20 minimum data points required for participation in the HR Metrics Service. With the 20 minimum required data points submitted, 23 metrics will be calculated. This core set of metrics is indicated in the metric's charts below. *Core Metric

Metrics

The metrics have been arranged in a series of categories for ease of reference.

- Productivity
- Compensation
- Recruitment
- Retention
- Labour Relations
- HR Efficiency
- Learning and Development
- Workforce Demographics

Definitions

The metrics standards are complemented by a glossary which provides a definition for each data point, including specific details on what should be counted in or out of these data points.

This combined set of information forms the standards upon which the British Columbia Human Resources Management Association (BC HRMA) has developed the [HR Metrics Service](#). These metrics and the associated descriptions are coded into the survey and detailed reports we provide. Organizations following these standards will have a quick and easy way to link their metrics work to high-quality benchmarking data.

The British Columbia Human Resources Management Association (BC HRMA), the Human Resources Institute of Alberta (HRIA), the Human Resource Management Association of Manitoba (HRMAM), and the Saskatchewan Association of Human Resource Professionals (SAHRP) have declared this document as the single source of truth for HR metrics.

These standards are also open. The [HR Metrics Service](#) gives permission for people to communicate and share these standards with anyone they wish. We ask that the standards are not changed and that the HR Metrics

Service is referenced as the source of the material whenever they are used.

Should you have any questions regarding the details of this set of standards and glossary please email support@hrmetricservice.org.

- *The HR Metrics Service Team*

Minimum Data Points

The survey contains more than 150 survey questions or data points; however you only need to complete the 20 listed below. You must complete all the required data questions to participate in the HR Metrics Service benchmarking survey.

Aim to complete only these required questions for the first few surveys; you can begin responding to more questions as you become more comfortable with the survey and the reporting requirements.

See glossary section for the definitions of these data points.

1. Total FTE
2. Total Headcount
3. Total Age of Employees
4. Union Employee Headcount
5. Headcount of Employees with Less than 1 Year of Service
6. Total Resignations
7. Resignations of Employees with Less than 1 Year of Service
8. Total Retirements
9. Total Age of Retired Employees
10. Total Involuntary Terminations
11. Count of Promotions
12. Years of Service
13. Count of Vacant Positions
14. Projected Annual Base Compensation Cost
15. HR FTE
16. HR Headcount
17. HR Costs
18. Revenue
19. Labour Costs
20. Gross Operating Costs



Metric Name	Metric Description	Formula
Productivity		
Revenue per FTE *Core metric	The number of dollars of revenue from operations generated per FTE.	Revenue/FTE
Profit per FTE *Core metric	The number of dollars of profit generated per FTE. (Based on pre-tax profit)	(Revenue-Operating Cost)/Total FTE
Human Capital Return on Investment *Core metric	The rate of return for each dollar invested in employee pay and benefits. (Based on pre-tax profit)	{(Revenue - (Operating Cost - Labour Cost))/Labour Cost} - 1

Absenteeism Rate	The number of work days missed due to illness per FTE.	Sick Days/FTE
Total Average Direct Cost of Absenteeism per FTE	The average total direct labour costs per FTE for time not worked due to illness.	(Labour Cost/Total FTE)/60 ₁ *Sick Days Total/FTE <small>₁Average number of days in a quarter</small>

Overtime per Individual Contributor Headcount	The average number of overtime hours worked by each Individual Contributor. (Based on headcount)	Overtime Hours/Individual Contributor Headcount
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Metric Name	Metric Description	Formula
Compensation		
Labour Cost per FTE *Core metric	The average labour cost to the organization for each FTE.	Labour Cost/FTE
Labour Cost Revenue Percent *Core metric	The total labour costs as a percentage of organizational revenue.	Labour Costs/Revenue
Labour Cost Expense Percent *Core metric	The total labour costs as a percentage of total expenses.	Labour Cost/Operating Cost

Benefits as Percentage of Labour Costs	The total cost of benefits as a percentage of the total Labour Costs.	Benefits/Labour Costs
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Metric Name	Metric Description	Formula
Recruitment		
Vacancy Rate *Core metric	The percentage of positions being actively recruited for at the end of the reporting period.	Count of Vacant Positions/Headcount
90 Day Turnover Rate	The percentage of new employees leaving the organization within 90 days of starting their employment.	(Resignations + Retirements + Involuntary terminations) within 0-90 Days of Service / Headcount 90 Days of Service
90 Day Resignation Rate	The percentage of new employees who resigned within 90 days of starting their employment.	Resignations within 0-90 Days of Service/ Headcount 90 Days of Service
90 Day Involuntary Turnover Rate	The percentage of new employees leaving the organization on an involuntary basis within 90 days of starting their employment.	Involuntary terminations within 0-90 Days of Service/ Headcount 90 Days of Service
1st Year Turnover Rate *Core metric	The percentage of employees with less than 1 year of service who left the organization.	(Resignations + Involuntary terminations) within 0-1 Year of Service /Headcount 0-1 Year of Service
1st Year Resignation Rate	The percentage of employees with less than 1 year of service who resigned.	Resignations within 0-1 Year of Service/Headcount 0-1 Year of Service
1st Year Involuntary Turnover Rate	The percentage of employees with less than 1 year of service who left the organization involuntarily.	Involuntary terminations within 0-1 Year of Service/Headcount 0-1 Year of Service
External Hire Rate	People hired externally as a percentage of headcount.	New Hire Total/Headcount
External Hire Rate Executive Level	Executives hired externally as a percentage of Executive headcount.	New Hire Executive Level Total/Executive Level Headcount
External Hire Rate Management Level	Managers hired externally as a percentage of Manager headcount.	New Hire Management Level Total/Management Level Headcount



External Hire Rate Individual Contributor Level	Individual Contributors hired externally as a percentage of Individual Contributor headcount.	New Hire Individual Contributor Level Total/Individual Contributor Headcount
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Metric Name	Metric Description	Formula
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Recruitment continued		
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Diversity Hire Ratio	The percentage of people hired externally who self-identify as coming from a diversity category.	(New Hires who self-identify as an Aboriginal Person, Person with a Disability, or Member of a Visible Minority)/Total New Hires
Female Hire Ratio	The percentage of employees hired externally and who are female.	New Hires who are female/New Hires Total
Under 25 Years Hire Ratio	The percentage of employees hired externally who are under the age of 25.	New Hires who are under 25/New Hires Total
25-29 Years Hire Ratio	The percentage of employees hired externally who are between the ages of 25 and 29.	New Hires who are between 25-29 Years old/ New Hires Total
30-34 Years Hire Ratio	The percentage of employees hired externally who are between the ages of 30 and 34.	New Hires who are between 30-34 Years old/ New Hires Total
35-39 Years Hire Ratio	The percentage of employees hired externally who are between the ages of 35 and 39.	New Hires who are between 35-39 Years old/ New Hires Total
40-44 Years Hire Ratio	The percentage of employees hired externally who are between the ages of 40 and 44.	New Hires who are between 40-44 Years old/ New Hires Total
45-49 Years Hire Ratio	The percentage of employees hired externally who are between the ages of 45 and 49.	New Hires who are between 45-49 Years old/ New Hires Total
50-54 Years Hire Ratio	The percentage of employees hired externally who are between the ages of 50 and 54.	New Hires who are between 50-54 Years old/ New Hires Total
55-59 Years Hire Ratio	The percentage of employees hired externally who are between the ages of 55 and 59.	New Hires who are between 55-59 Years old/ New Hires Total
60-64 Years Hire Ratio	The percentage of employees hired externally who are between the ages of 60 and 64.	New Hires who are between 60-64 Years/ New Hires Total
65 Years or Older Hire Ratio	The percentage of employees hired externally who are between the ages of 65 and older.	New Hires who are between 65 Years or older/ New Hires Total

Metric Name	Metric Description	Formula
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Recruitment continued		
External Time-to-Fill	The average number of calendar days taken to fill a position from outside the organization.	External Days to Fill/External Recruits
External Time-to-Fill Executive Level Positions	The average number of calendar days taken to fill an Executive position from outside the organization.	External Days to Fill Executive Level Positions/Executive Level External Recruits
External Time-to-Fill Management Level Positions	The average number of calendar days taken to fill a Manager position from outside the organization.	External Days to Fill Management Level Positions/Management Level External Recruits
External Time-to-Fill Individual Contributor Level Positions	The average number of calendar days taken to fill an Individual Contributor position from outside the organization.	External Days to Fill Individual Contributor Level Positions/Individual Contributor Level External Recruits
External Cost per Hire	The average direct costs for external hiring per external hire.	Total External Hiring Costs/External Recruits
External Offer Acceptance Rate	External people accepting positions as a percentage of total external job offers.	External Recruits/Total External Job Offers Extended

Recruitment – Non Permanent / Combined Permanent & Non Permanent		
Non Permanent Vacancy Rate <i>Non Permanent Employees Only</i>	The percentage of non permanent positions being actively recruited for at the end of the reporting period.	Non Permanent Vacant Positions/Non Permanent Headcount
Total Vacancy Rate <i>Permanent & Non Permanent Employees</i>	The percentage of positions being actively recruited for at the end of the reporting period.	(Permanent + Non Permanent Vacant Positions)/(Permanent + Non Permanent Headcount)
Non Permanent 90 Day Turnover Rate <i>Non Permanent Employees Only</i>	The percentage of new non permanent employees leaving the organization within 90 days of starting their employment.	(Non Permanent Resignations + Non Permanent Retirements + Non Permanent Involuntary Terminations) within 0-90 Days of Service / Non Permanent Headcount 90 Days of Service
Total 90 Day Turnover Rate <i>Permanent & Non Permanent Employees</i>	The percentage of employees leaving the organization within 90 days of starting their employment.	((Permanent + Non Permanent Resignations) + (Permanent + Non Permanent Retirements) + (Permanent + Non Permanent Involuntary Terminations)) within 0-90 Days of Service / (Permanent + Non Permanent Headcount 90 Days of Service)

Metric Name	Metric Description	Formula
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Recruitment continued – Non Permanent / Combined Permanent & Non Permanent		
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Non Permanent 90 Day Resignation Rate <i>Non Permanent Employees Only</i>	The percentage of new non permanent employees who resigned within 90 days of starting their employment.	Non Permanent Resignations within 0-90 Days of Service/ Non Permanent Headcount 90 Days of Service
Total 90 Day Resignation Rate <i>Permanent & Non Permanent Employees</i>	The percentage of employees who resigned within 90 days of starting their employment.	(Permanent Resignations + Non Permanent Resignations + Permanent Retirements) within 0-90 Days of Service/ (Permanent Headcount + Non Permanent Headcount) within 90 Days of Service

Non Permanent 90 Day Involuntary Turnover Rate <i>Non Permanent Employees Only</i>	The percentage of new non permanent employees leaving the organization on an involuntary basis within 90 days of starting their employment.	Non Permanent Involuntary Terminations within 0-90 Days of Service/ Non Permanent Headcount within 90 Days of Service
Total 90 Day Involuntary Turnover Rate <i>Permanent & Non Permanent Employees</i>	The percentage of new employees leaving the organization on an involuntary basis within 90 days of starting their employment.	(Permanent Involuntary Terminations + Non Permanent Involuntary Terminations) within 0-90 Days of Service/ (Permanent Headcount + Non Permanent Headcount) within 90 Days of Service)

Non Permanent 1st Year Turnover Rate <i>Non Permanent Employees Only</i>	The percentage of non permanent employees with less than 1 year of service who left the organization.	(Non Permanent Resignations + Non Permanent Involuntary Terminations) within 0-1 Year of Service /Non Permanent Headcount within 0-1 Year of Service
Total 1st Year Turnover Rate <i>Permanent & Non Permanent Employees</i>	The percentage of employees with less than 1 year of service who left the organization.	(Permanent Resignations + Non Permanent Resignations + Permanent Involuntary Terminations + Non Permanent Involuntary Terminations) within 0-1 Year of Service / (Permanent Headcount + Non Permanent Headcount) within 0-1 Year of Service

Metric Name	Metric Description	Formula
Recruitment continued – Non Permanent / Combined Permanent & Non Permanent		
Non Permanent 1st Year Resignation Rate <i>Non Permanent Employees Only</i>	The percentage of non permanent employees with less than 1 year of service who resigned.	Non Permanent Resignations Within 0-1 Year of Service/Non Permanent Headcount within 0-1 Year of Service



Total 1st Year Resignation Rate <i>Permanent & Non Permanent Employees</i>	The percentage of employees with less than 1 year of service who resigned.	(Permanent Resignations + Non Permanent Resignations) within 0-1 Year of Service / (Permanent Headcount + Non Permanent Headcount) within 0-1 Year of Service
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Non Permanent 1st Year Involuntary Turnover Rate <i>Non Permanent Employees Only</i>	The percentage of non permanent employees with less than 1 year of service who left the organization involuntarily.	Non Permanent Involuntary Terminations within 0-1 Year of Service / Non Permanent Headcount within 0-1 Year of Service
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Total 1st Year Involuntary Turnover Rate <i>Permanent & Non Permanent Employees</i>	The percentage of employees with less than 1 year of service who left the organization involuntarily.	(Permanent Involuntary Terminations + Non Permanent Involuntary Terminations) within 0-1 Year of Service / (Permanent Headcount + Non Permanent Headcount) within 0-1 Year of Service
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Metric Name	Metric Description	Formula
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Retention

Turnover <i>*Core metric</i>	Employees who left the organization, either voluntarily or involuntarily, as a percentage of headcount.	(Resignation + Retirements + Involuntary Terminations) / Headcount
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Voluntary Turnover Rate <i>*Core metric</i>	Employees who left the organization voluntarily as a percentage of headcount.	(Resignations + Retirements) / Headcount
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Executive Voluntary Turnover Rate	Executives who voluntarily left the organization as a percentage of Executive headcount.	(Executive Resignations + Executive Retirements) / Executive Headcount
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Management Voluntary Turnover Rate	Managers who voluntarily left the organization as a percentage of Management headcount.	(Management Resignations + Management Retirements) / Management Headcount
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Individual Contributor Voluntary Turnover Rate	Individual Contributors who voluntarily left the organization as a percentage of Individual Contributor headcount.	(Individual Contributor Resignations + Individual Contributor Retirements) / Individual Contributor Headcount
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Cost of Voluntary Turnover <i>*Core metric</i>	The average cost to replace each employee who left voluntarily.	Projected annual base compensation cost / (Resignations + Retirements)
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Involuntary Turnover Rate <i>*Core metric</i>	Employees who left the organization involuntarily as a percentage of headcount.	Involuntary Terminations / Headcount
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Executive Involuntary Turnover Rate	Executives who left the organization involuntarily as a percentage of Executive headcount.	Executive Involuntary Terminations / Executive Headcount
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Management Involuntary Turnover Rate	Managers who left the organization involuntarily as a percentage of Manager headcount.	Management Involuntary Terminations/Management Headcount
Individual Contributor Involuntary Turnover Rate	Individual Contributors who left the organization involuntarily as a percentage of Individual Contributor headcount.	Individual Contributor Involuntary Terminations/Individual Contributor Headcount

Succession Planning Rate	The percentage of Executive roles for which there is a succession candidate.	Number of Succession Planning Candidates/Executive Level Headcount
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Metric Name	Metric Description	Formula
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Retention continued		
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Resignation Rate *Core metric	Employees who resigned from the organization as a percentage of headcount.	Resignations/Headcount
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Total Top Quartile Performer Resignation Rate	Employees who voluntarily left the organization and were within the top quartile of performers, as a percentage of headcount.	Resignations in the Top Quartile/Headcount
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Total Bottom Quartile Performer Resignation Rate	Employees who voluntarily left the organization and were within the bottom quartile of performers, as a percentage of headcount.	Resignations in the Bottom Quartile/Headcount
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First Two Years of Service Resignation Rate	The percentage of employees with less than two years of service who resigned.	Resignations within 0-2 years of service/Headcount 0-2 Year of Service
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Two to Three Years of Service Resignation Rate	The percentage of employees with between two and three years of service who resigned.	Resignations within 2-3 years of service/Headcount 2-3 Year of Service
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Three to Five Years of Service Resignation Rate	The percentage of employees with between three and five years service who resigned.	Resignations within 3-5 years of service/Headcount 3-5 Year of Service
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Five to Ten Years of Service Resignation Rate	The percentage of employees with between five to ten years of service who resigned.	Resignations within 5-10 years of service/Headcount 5-10 Year of Service
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More than Ten Years of Service Resignation Rate	The percentage of employees with more than ten years of service who resigned.	Resignations with more than 10 years of service/Headcount 10 Years or more of Service
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Under 25 years Resignation Rate	The percentage of employees under 25 years of age who resigned.	Resignations of employees 25 years and under/Headcount of employees 25 years and under
25-29 Years Resignation Rate	The percentage of employees between the ages of 25 to 29 who resigned.	Resignations of employees between 25-29 years/Headcount of employees between 25-29 years
30-34 Years Resignation Rate	The percentage of employees between the ages of 30 to 34 who resigned.	Resignations of employees between 30-34 years/Headcount of employees between 30-34 years

Metric Name	Metric Description	Formula
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Retention continued

35-39 Years Resignation Rate	The percentage of employees between the ages of 35 to 39 who resigned.	Resignations of employees between 35-39 years/Headcount of employees between 35-39 years
40-44 Years Resignation Rate	The percentage of employees between the ages of 40 to 44 who resigned.	Resignations of employees between 40-44 years/Headcount of employees between 40-44 years
45-49 Years Resignation Rate	The percentage of employees between the ages of 45 to 49 who resigned.	Resignations of employees between 45-49 years/Headcount of employees between 45-49 years
50-54 Years Resignation Rate	The percentage of employees between the ages of 50 to 54 who resigned.	Resignations of employees between 50-54 years/Headcount of employees between 50-54 years
55-59 Years Resignation Rate	The percentage of employees between the ages of 55 to 59 who resigned.	Resignations of employees between 55-59 years/Headcount of employees between 55-59 years
60-64 Years Resignation Rate	The percentage of employees between the ages of 60 to 64 who resigned.	Resignations of employees 60-64 years/Headcount of employees 60-64 years
65 Years or Older Resignation Rate	The percentage of employees aged 65 or older who resigned.	Resignations of employees 65 years or older/Headcount of employees 65 years or older

Retirement Rate *Core metric	Employees who retired as a percentage of headcount.	Retirements/Headcount
Average Retirement Age *Core metric	Average age of employees who retired.	Total Retirements Age/Retirements

Retention – Non Permanent / Combined Permanent & Non Permanent



Non Permanent Cost of Voluntary Turnover <i>Non Permanent Employees Only</i>	The average cost to replace each non permanent employee who left voluntarily.	Non Permanent Projected Annual Base Compensation Cost / (Non Permanent Resignations + Non Permanent Retirements)
Total Cost of Voluntary Turnover <i>Permanent & Non Permanent Employees</i>	The average cost to replace each employee who left voluntarily.	(Permanent Projected Annual Base Compensation Costs + Non Permanent Projected Annual Base Compensation Cost) / (Permanent Resignations + Non Permanent Resignations + Permanent Retirements + Non Permanent Retirements)

Metric Name	Metric Description	Formula
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Retention continued – Non Permanent / Combined Permanent & Non Permanent

Non Permanent Resignation Rate <i>Non Permanent Employees Only</i>	Non permanent employees who resigned from the organization as a percentage of non permanent headcount.	Non Permanent Resignations/Non Permanent Headcount
Total Resignation Rate <i>Permanent & Non Permanent Employees</i>	Employees who resigned from the organization as a percentage of headcount.	(Permanent Resignations + Non Permanent Resignations)/(Permanent Headcount + Non Permanent Headcount)

Total Retirement Rate <i>Permanent & Non Permanent Employees</i>	Employees who retired as a percentage of headcount.	(Permanent Retirements + Non Permanent Retirements)/(Permanent Headcount + Non Permanent Headcount)
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Metric Name	Metric Description	Formula
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Labour Relations

Grievances as a % of Unionized Headcount	The total number of opened grievances as a percentage of total unionized headcount.	Number of Open Grievances / Unionized Headcount
Grievances - Time to First Contact	The average number of days until first contact with employee who filed the grievance.	Total Number of Days to First Contact/Number of First Contacts
Arbitrated Grievances as a % of Grievances Open	The total number of grievances gone to arbitration as a percentage of grievances open.	Number of Grievances Gone to Arbitration/Number of Open Grievances



% of Grievances Closed	Grievances closed as a percentage of open grievances.	Number of Grievances Closed/Number of Open Grievances
Union Percentage *Core metric	Employees belonging to a union as a percentage of headcount.	Union Headcount/Headcount

Metric Name	Metric Description	Formula
HR Efficiency		
HR FTE Ratio *Core metric	The number of FTE per individual HR FTE.	FTE/HR FTE
HR Headcount Ratio *Core metric	The number of staff per individual HR staff person.	Headcount/HR Headcount

HR Costs per Employee *Core metric	The cost HR for each staff member. (Based on headcount)	HR Costs/Headcount
HR Costs per FTE *Core metric	The cost of HR for each FTE. (Based on FTE)	HR Costs/FTE
Total HR Costs as a % of overall Operating Costs	The total cost of HR as a percentage of the total operating costs.	HR Costs / Operating Costs
Total HR Costs as a % of overall Labour Costs	The total cost of HR as a percentage of total Labour Costs	HR Costs / Labour Costs

HR Turnover	The number of HR staff leaving as a percentage of all HR staff.	HR Terminations/HR Headcount
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HR Efficiency – Non Permanent / Combined Permanent & Non Permanent		
Total HR FTE Ratio <i>Permanent & Non Permanent Employees</i>	The number of FTE per individual HR FTE.	(Permanent FTE + Non Permanent FTE)/ (Permanent HR FTE + Non Permanent HR FTE)
Total HR Headcount Ratio <i>Permanent & Non Permanent Employees</i>	The number of employees per individual HR employee.	(Permanent Headcount + Non Permanent Headcount)/ (Permanent HR Headcount + Non Permanent HR Headcount)



Total HR Costs per Employee <i>Permanent & Non Permanent Employees</i>	The cost of HR for each employee.	HR Costs/ (Permanent Headcount + Non Permanent Headcount)
Total HR Costs per FTE <i>Permanent & Non Permanent Employees</i>	The cost of HR for each FTE.	HR Costs/ (Permanent FTE + Non Permanent FTE)

Metric Name	Metric Description	Formula
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Learning & Development

Learning & Development Investment per FTE	The number of dollars invested in learning and development per FTE.	Learning & Development Cost/FTE
Learning & Development Cost Revenue Percentage	The total costs of learning and development as a percentage of the total revenue from operations.	Learning & Development Cost/Revenue
Learning & Development Cost Payroll Percentage	The total costs of learning and development as a percentage of the total labour costs.	Learning & Development Cost/Labour Costs

Learning & Development Hours per FTE	The numbers of hours spent on learning per FTE.	Learning & Development Hours/FTE
Learning & Development FTE Ratio	The number of FTE for each FTE working in learning and development.	FTE/Learning & Development FTE

Metric Name	Metric Description	Formula
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Workforce Demographics

Promotion Rate <i>*Core metric</i>	Employees promoted as a percentage of headcount.	Promotions/Headcount
Career Path Ratio	Employees moving upward in the organization as a percentage of all employee movement.	Promotions/(Promotions + Transfers)
Churnover	Rate of internal movement by employees as percentage of headcount.	(Promotions + Demotions + Transfers)/Headcount

Female Percent	Employees who are female as a percentage of headcount.	Female Employees/Headcount
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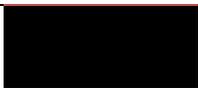
Percentage Female at Executive Level	Executives who are female as a percentage of Executive headcount.	Female Executive Level Employees/Executive Level Headcount
Percentage Female at Management Level	Managers who are female as a percentage of Manager headcount.	Female Management Level Employees/Management Level Headcount
Percentage Female at Individual Contributor Level	Individual Contributors who are female as a percentage of Individual Contributor headcount.	Female Individual Contributor Level Employees/Individual Contributor Level Headcount

Diversity Percentage (Visible Minorities, Aboriginal Persons, Disabled Persons)	Employees who identify in a diversity category as a percentage of headcount.	(Employees who self-identify as an Aboriginal Person, Person with a Disability, or Member of a Visible Minority)/Headcount
Percentage Diversity at Executive Level	Executive who identify in a diversity category as a percentage of Executive headcount.	(Executive Level employees who self-identify as an Aboriginal Person, Person with a Disability, or Member of a Visible Minority)/Total Executive Headcount
Percentage Diversity at Management Level	Managers who identify in a diversity category as a percentage of Manager headcount.	(Management Level employees who self-identify as an Aboriginal Person, Person with a Disability, or Member of a Visible Minority)/Total Management Headcount
Percentage Diversity at Individual Contributor Level	Individual Contributors who identify in a diversity category as a percentage of Individual Contributor headcount.	(Individual Contributor Level employees who self-identify as an Aboriginal Person, Person with a Disability, or Member of a Visible Minority)/Total Individual Contributor Headcount

Metric Name	Metric Description	Formula
Workforce Demographics continued		
Management Span of Control	Average number of employees per Manager /Executive.	Headcount/(Management Level Headcount + Executive Level Headcount)
Average Age *Core metric	Average age of organizations' total employee population.	Total Age of Employees/Headcount
Average Length of Service *Core metric	Average length of employee service. (Based on headcount)	Total Length of Service/Headcount
Part-time Percent	Permanent employees who work part-time as a percentage of headcount.	Part-time Employees/Headcount



Workforce Demographics – Non Permanent / Combined Permanent & Non Permanent		
Non Permanent Churnover <i>Non Permanent Employees Only</i>	Rate of internal movement by non permanent employees as percentage of non permanent headcount.	(Non Permanent Promotions + Non Permanent Demotions + Non Permanent Transfers)/Non Permanent Headcount
Total Churnover <i>Permanent & Non Permanent Employees</i>	Rate of internal movement by employees as percentage of headcount.	(Permanent Promotions + Non Permanent Promotions + Permanent Demotions + Permanent Transfers + Non Permanent Transfers)/(Permanent Headcount + Non Permanent Headcount)
Non Permanent Average Age <i>Non Permanent Employees Only</i>	Average age of organizations' total non permanent employee population.	Total Age of Non Permanent Employees/ Non Permanent Headcount
Total Average Age <i>Permanent & Non Permanent Employees</i>	Average age of organizations' total employee population.	Total Age of Permanent + Non Permanent Employees/ (Permanent Headcount + Non Permanent Headcount)
Total Headcount to FTE Ratio <i>Permanent & Non Permanent Employees</i>	The number of employees for each FTE.	(Permanent Headcount + Non Permanent Headcount)/(Permanent FTE + Non Permanent FTE)
Non Permanent Employee Percentage	Non-permanent employees as a percentage of headcount.	Non Permanent Headcount / Permanent Headcount



HR Metrics Glossary

Aboriginal person

For the purposes of employment equity, “aboriginal peoples” means persons who are Indian, Inuit or Métis. (From Employment Equity Act, Section 3)

Active employee

An employee can either be active or inactive. An active employee is one who is not on any leave of absence (short-term disability, maternity leave, jury duty, etc.)

Age group *Total Age & Total Age of Retired Employees = required data points

This demographic category is used to identify patterns and trends. The age groups are:

- Under 25 years
- 25-29 years
- 30-34 years
- 35-39 years
- 40-44 years
- 45-49 years
- 50-54 years
- 55-59 years
- 60-64 years
- 65 years or older

Count to be taken using the employee’s age on the last day of the quarter

Benefit cost

Benefit cost includes: employer-paid life and health insurance costs, employer-paid provincial health care plan premium (i.e. MSP/Health Insurance BC or AHCIP), employer-paid pension plan or RRSP payments, retirement payouts, maternity leave top-ups, EAP costs, employee gifts (i.e. years of service), and perquisites (i.e. club or professional membership dues, parking or car allowance).

Do not include any stock payouts.

Demotion

A type of internal employee movement in which there is an act of lowering in rank or position regardless of reason. May include a decrease in pay or responsibilities.

Diversity group

This demographic category is used to identify patterns and trends. The diversity groups are the four designated group members under the Employment Equity Act (Section 3):

- Aboriginal peoples
- Persons with disabilities
- Members of visible minorities
- Females

Employee

Any individual with an employment contract with the organization who receives a paycheque from payroll and a T4. Include those employees on a leave of absence, paid or unpaid.

Permanent Employee

An employee is considered to have a permanent status with the organization when their contract has no specified end date and the organization is required to provide notice or pay in lieu of notice. A permanent employee typically has a specified number of work hours in their contract, and is entitled to most benefits available to an employee. The employment relationship can only end when the organization gives notice to terminate (involuntary exit) or the employee gives notice to break their contract (resignation or voluntary exit).

A key test for permanent employment status is that if either party breaks the contract they have a clear liability to the other party to either give reasonable notice or pay in lieu of notice. Where this liability exists an employee should be considered permanent irrespective of the number of hours they work or the label applied to their role.

Non Permanent Employee

An employee is considered to be non permanent when they either have a fixed term to their contract with the organization or the organization is not legally required to provide any notice or pay in lieu of notice should they choose to stop working with the individual. Typically these types of employees would be considered temporary, casual or contract workers, however these are not synonymous with non permanent status.

It is common for non-permanent staff not to receive full organizational benefits or they may have no guaranteed hours of work.

A key test for non permanent status is that the individual's employment contract either has a specified end date or the organization has no legal liability should it choose to stop working with the individual.

An 'employee' does not include:

- external consultants who receive payment from Accounts Payable, and
- employees on a long-term disability.

Executive

The job level used to describe employees who are in a director position or above.

External Days to Fill

The total calendar days between when the requisition was approved to the date the offer is accepted. Calculate External Days to Fill for External Recruits only.

Example:

2 employees were hired as follows: Hire #1

- Requisition Approved: January 2
- Job Offer Accepted: January 30
- Time to Fill for Hire #1: 28 days (includes weekends) Hire

#2

- Requisition Approved: December 24, 2007



- Job Offer Accepted: January 30, 2008
- Time to Fill for Hire #2: 36 days (includes weekends, Christmas, and New Year's stat holidays) Total

Days to Fill: 28 + 36 = 64 days

External recruit

An external recruit is a person who has accepted a job offer but may or may not have started their first day of employment during the reporting period. The recruit is hired from outside the organization but not as a result of a merger or acquisition.

Full-time Equivalent (FTE) *required data point

The percentage of time an employee worked, represented as a decimal. FTE is different from headcount – it is a standard measure of work contribution based on time worked.

This figure is the total number of hours worked during the reporting period by all permanent staff who receive a T4 directly from the organization, divided by the total number of hours worked by the standard work hours per quarter at the organization. Generally, a full-time employee is 1.0 FTE and a part-time employee is 0.5 FTE.

For example, if the reporting period is a quarter:

If standard work week is:	... then standard work hours per quarter is:
35 hours	455 hours
37.5 hours	487.5 hours
40 hours	520 hours

- The figure does not include hours worked by independent contractors or casual/temporary/non permanent employees unless otherwise indicated.
- Include employees on a leave of absence if they continue to receive a form of payment from the organization (e.g. short-term disability, paid time off for jury duty, etc.).
- Do not include employees who are on long-term disability.
- Include payments for time worked (regular and overtime hours) and time not worked (vacation or paid sick days).

Example 1:

1 full-time employee is scheduled for a 35 hour work week, the standard for the entire organization. The employee had the following hours recorded during the quarter:

420 hours worked
 35 hours paid vacation time (1 week off) FTE =
 $(420 + 35) / 455$
 = 1.0

Example 2:

1 part-time employee is scheduled for a 22.5 hour work week in which they work 3 days a week, 7.5 hours a day. The standard work week for the organization is 37.5 hours. The employee had the following hours recorded during the quarter:

247.5 hours worked
45 hours unpaid vacation time (2 weeks off) 4
hours paid overtime
FTE = (247.5 + 4) / 487.5
= 0.52

Geographic range

Describes the geographic area covered by an organization's operations. Organizations can operate in six possible geographic ranges:

Local

Within a city, town or distinct urban area, i.e. Metro Vancouver, Greater Toronto Area or Calgary.

Provincial

Throughout the province where the organization is based.

Interprovincial

Operates in up to 3 provinces.

National

Operates in 4 or more provinces.

Multinational

Operates in up to 4 countries.

Global

Operates within 5 or more countries on at least 2 continents.

Grievance

A formal complaint filed by an employee for any work-related dispute arising out of the interpretation, application, administration or alleged violation of the specific terms of a collective agreement.

- **First Contact** - The initial point of contact by a Labour Relations representative from the organization with the employee who filed the grievance.
- **Filed Grievance** - The initial filing of a grievance as per the grievance filing process outlined in the collective agreement.
- **Open Grievance** - A grievance that has been filed and has not yet been closed.
- **Closed Grievance** - A grievance that has been resolved and closed as per the grievance procedure outlined in the collective agreement.
- **Arbitration** - Arbitration is a quasi-judicial process in which a third-party hears evidence presented by both the union and the employer on issues in dispute, and hands down a binding decision.

Headcount *required data point

The number of employees in an organization who receive a T4 directly from the organization.

- Include employees on a leave of absence, paid or unpaid.
- Do not include independent contractors.
- Do not include employees who are on long-term disability.

Please note whether the count is for permanent or non permanent employees, count is to be taken on the last day of the quarter.

Hire date

The employee's start date as a permanent employee with an organization. If an employee started as a casual, on-call, or contract staff and later became a permanent employee, the date the employee became permanent is considered the hire date.

Human Resources

For the purposes of this survey and to ensure comparability across organizations, the Human Resources function includes:

- benefits
- compensation
- employee relations
- employee call centre
- HRIS and database administration
- employee data and personnel records
- organization development
- recruitment and retention

The Human Resources function should not include:

- learning and development
- payroll
- corporate events
- security
- health and safety
- travel function
- child care centres
- cafeteria

Human Resource cost *required data point

All internal and external costs charged directly to the Human Resources budget.

- Include costs incurred for the following activities: benefits administration, compensation administration, employee relations, employee call centre, HRIS and database administration (including regular HRIS licensing costs), employee data and personnel records, organization development, recruitment and retention.
- Include cost of external service providers (e.g. consultants).
- Include the salary and benefits of all employees, permanent and non-permanent, supporting the HR function.
- Exclude costs included in any of the following *functions*: learning and development, payroll, corporate events, security, health and safety, travel (but include travel costs associated with the HR function), child care centres and cafeteria.
- Exclude any specific costs charged to the Human Resources budget which are back charged to other departments directly for HR actions. This does not apply if HR costs are allocated to other departments as a general administrative practice.

Inactive employee

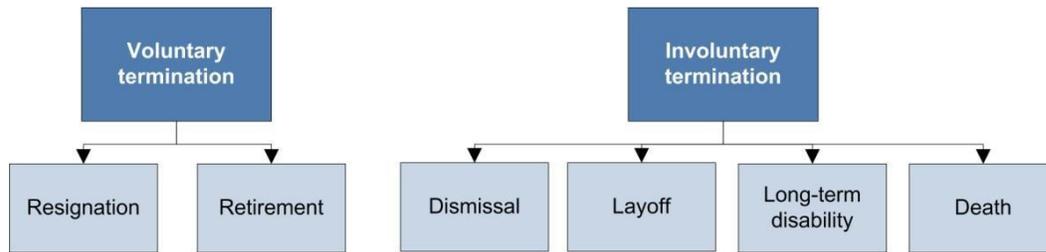
An employee can either be active or inactive. An inactive employee is one who is on a leave of absence (short-term disability, maternity leave, jury duty, etc.). An employee on Long-term Disability is not considered to be an employee until they return to work.

Individual Contributor

The job level used to describe employees who do not have direct reports (employees who they manage) and are not Executives.

Involuntary termination *required data point

An employee termination can either be voluntary or involuntary. Involuntary termination is an employer-initiated termination of employment contract by dismissal or layoff. It also includes termination as a result of employee long-term disability or death.



An involuntary termination for a non permanent employee is only to be counted if the non permanent employment contract is severed due to dismissal, layoff, long-term disability or death before the employment contract time period has ended.

Students completing their contracted employment term and returning to school should not be included in involuntary termination.

Job level

This demographic category is used to identify patterns and trends. The job levels are:

- Executive level
- Management level
- Individual Contributor level

Labour costs

Total payroll and benefit costs for all employees (permanent and non-permanent) who receive a T4 directly from the organization.

- Payroll cost should include all employee-taxable income such as: base pay, overtime and shift differential, pay for time not worked, legally required payments (ie CPP, EI, severance), performance-based pay such as bonuses, commissions, profit sharing, and signing and referral bonuses.
- Benefit cost should include: employer-paid life and health insurance costs, employer-paid provincial health care plan premium (i.e. MSP/Health Insurance BC or AHCIP), employer-paid pension plan or RRSP payments, retirement payouts, maternity leave top-ups, EAP costs and perquisites (i.e. club or professional membership dues, parking or car allowance).
- Do not include any stock payouts.

Learning & Development cost

Costs incurred and charged directly to the Learning & Development budget to design and administer training such as:

labour cost of those who report directly to the Learning & Development function, external vendors, travel costs, etc.

- Include all training mediums such as: instructor-led, computer-based training, conferences and courses offered by educational institutions in which the organization covers the cost.
- Include internal and external training costs charged directly to the Learning & Development budget.

Learning & Development function

The total number of hours worked by all permanent staff who report to the Learning & Development function who receive a T4 directly from the organization.

- Include employees who report to the Learning & Development function and any other dedicated L&D staff in other business units.
- Do not include independent contractors or casual/temporary staff.
- Include employees on a leave of absence (e.g. maternity leave, short-term disability, jury duty, etc.).
- Do not include employees who are on long-term disability.

Management

The job level used to describe employees who have direct reports (employees who they manage) and are not Executives.

Member of a visible minority

For the purposes of employment equity, “members of visible minorities” means persons, other than aboriginal peoples, who are non-Caucasian in race or non-white in colour.

(From Employment Equity Act, Section 3)

New hire

An employee who is hired by the organization on a permanent basis. An individual is considered a new hire when they accept a job offer and have reported for their first day of work. An employee who is hired externally or is moving from a non-permanent to a permanent status is considered a new hire.

Operating cost *required data point

Total gross operating cost incurred during the quarter as reported on the Income Statement.

- State your operating cost in accordance to GAAP or IFRS.
- Exclude one-time charges, depreciation, taxes, and other extraordinary expenses.
- Include costs incurred by Canadian operations only.

Performance by Quartile

Bottom Quartile Performers

Total number of employees that were categorized as being in the bottom 25% of the organization’s performance rating scale.



Top Quartile Performers

Total number of employees that are categorized as being in the top 25% of the organization's performance rating scale.

Top/Bottom Quartile Performer Resignations – count should be based on their performance level as of the last time their performance was rated.

Person with a disability

For the purposes of employment equity, "persons with disabilities" means persons who have a long- term or recurring physical, mental, sensory, psychiatric or learning impairment and who (a) consider themselves to be disadvantaged in employment by reason of that impairment, or (b) believe that an employer or potential employer is likely to consider them to be disadvantaged in employment by reason of that impairment, and includes persons whose functional limitations owing to their impairment have been accommodated in their current job or workplace.

(From Employment Equity Act, Section 3)

Projected annual base compensation cost *required data point

An employee's estimated salary for the year if they had voluntarily terminated their employment, multiplied by a specific factor.

For a salaried employee, their projected annual base compensation cost is their annual salary, multiplied by 1.5.

For hourly paid employees, their projected annual base compensation cost is their base compensation, multiplied by 0.5.

Note that the projected annual base compensation cost is only calculated for voluntary terminations.

Total projected annual base compensation cost is derived by identifying all those employees who terminated during the quarter, calculating what their base salary or pay would be for the year, multiplying this by the relevant factor (either 1.5 or 0.5) and adding all of these figures together.

For example, if three people voluntarily left your organization in the quarter, with two people salaried and one person hourly paid then the calculation would look like this:

Person 1: Annual Salary	$\$70,000 * 1.5 = \$105,000$
Person 2: Annual Salary	$\$60,000 * 1.5 = \$90,000$
Person 3: Hourly rate \$15 (35 hour/ week)	$(\$15 * 35 * 52) * 0.5 = \$13,650$
projected base annual compensation	<u>\$208,650</u>

Promotion *required data point

A type of internal employee movement in which there is an advancement of rank or position in an organizational hierarchy system; usually includes an increase in pay and responsibilities.

This can include situations when a job re-classification has resulted in a higher pay grade.

A non permanent employee promotion is only counted if the non permanent employee moved from a non permanent position to another non permanent position at a higher level within the organization's hierarchial system. *If the non permanent employee moved from a non permanent position to a permanent position, this is to be counted as a new hire.*

Recruitment cost

The cost of hiring externally or moving non-permanent staff into a permanent status. This figure should include all the direct costs associated with the recruitment process for example: advertising, agency, travel, relocation, referral bonus, and recruiter costs (including recruiter salary).

Include the cost at the time it is paid.

Region

Provinces are divided into economic regions as developed by Statistics Canada:

British Columbia

- Vancouver Island and Coast
- Lower Mainland – Southwest
- Thompson - Okanagan
- Kootenay
- Cariboo
- North Coast
- Nechako
- Northeast

Manitoba

- Southeast
- South Central
- Southwest
- North Central
- Winnipeg
- Interlake
- Parklands
- North

Saskatchewan

- Carlton Trail Region
- East Central Saskatchewan
- Northern Saskatchewan
- Greater Regina Area
- Greater Saskatoon Area
- Southeastern Saskatchewan
- Southwestern Saskatchewan
- West Central Saskatchewan
- Lakeland Region

Ontario

- Hamilton –Niagara Peninsula
- Kingston - Pembroke
- Kitchener – Waterloo - Barrie
- London
- Muskoka - Kawarthas
- Northeast
- Northwest
- Ottawa
- Stratford – Bruce Peninsula
- Toronto
- Windsor - Sarnia
- Lakeland Region

Alberta

- Lethbridge – Medicine Hat
- Camrose – Drumheller
- Calgary
- Banff – Jasper – Rocky Mountain House
- Red Deer
- Edmonton
- Athabasca – Grande Prairie – Peace River
- Wood Buffalo – Cold Lake

Resignation *required data point

The official process by which an employee quits their position and leaves the organization or moves from a permanent to a non-permanent position within the same organization. Resignations do not include retirements.

Retirement *required data point

The point in time in which a person stops employment completely or begins collecting retirement benefits from the employer and continues to work out of choice.

A retirement for a non permanent employee is only to be counted if the non permanent employment contract is severed due to retirement before the employment contract time period has ended.

Revenue *required data point

Total gross revenue from operations during the quarter. Non-financial

industry organizations

- exclude income from investments that are not part of operational activities

Financial industry organizations

Revenue = Financial Margin PLUS

- Non - interest income (eg loan processing fees, safety deposit box rental, other income generating programs) without including any associated expenses that result from obtaining the non-interest income
- Investment income that is part of operational activities

Financial Margin = Interest revenue (includes LOC, Mortgages, Cash. Loans, other investments and other interest income) minus interest expense (term, demand, retirement plans (tfsa, rrsp,rif, etc) , interest on borrowings

Revenue should be stated in accordance to GAAP or IFRS and reported in Canadian Dollars.

Include revenue only for the operating business for which you are reporting your people data. The revenue reported should be that which is directly attributable to the combined efforts of the workforce whose headcount, absences, resignations etc are being reported. For example, revenue from other business units outside of Canada should not be included if the headcount numbers are not being included. Revenue from outside of Canada can be included if it can be attributed to the work of the people in Canada and / or the people outside of Canada are also included in the other data you are reporting. For example you include the headcount of your sales group in the US who sell a product made in Canada.

Self-identification

Only those employees who identify themselves to an employer, or agree to be identified by an employer, as aboriginal peoples, members of visible minorities or persons with disabilities are to be counted as members of those designated groups.

(From the Employment Equity Act, Section 9(2))

Sick days

Work days that an employee is absent from work due to illness, either paid or unpaid.

- Do not include paid time off for absences other than illness, such as vacation days.
- Include days taken on short-term disability
- Include time taken to provide care for a child or elderly parent
- Count work days only, not calendar days or weekends.
- Do not include employees who are on long-term disability.

If an employee has terminated their employment within the reporting period, include their sick days when calculating Absenteeism Rate.

Termination *required data point

The severing of an employment contract with an employee, initiated by either employer or employee.

Termination of a non permanent employment contract with an employee does not include the conclusion of their contract. Only situations when the employment contract was severed before the end of the contract time period.

For HR Terminations only: Any HR employee that moves out of HR to another department in the organization is to be counted as an HR Termination.

Training hours

The total number of training hours delivered directly by the Learning & Development function to permanent employees

- Include all training mediums such as: instructor-led and computer-based training.
- Include both internal and external training.
- Include formal training; do not include informal on-the-job training or coaching.

Transfer

A type of internal employee movement in which there is a lateral move between jobs classified at a similar level. Also describes moves which cannot be considered a promotion, demotion, job reclassification, or restructure. Includes:

- a change in work location or department
- a job change to a contract position, including an acting or interim position with a set end date
- movement to or from a permanent part-time or full-time position
- return from LTD

Do not include movement between non-permanent to permanent status (this scenario is considered to be either a termination or new hire).

Each instance of employee movement should be counted.

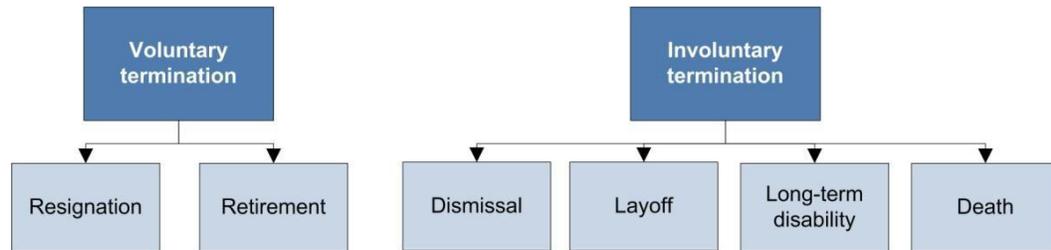
Vacant position *required data point

A position is considered vacant when it is unoccupied and a job requisition has been approved to begin the recruitment process. The position is no longer vacant when the job offer has been accepted by a candidate. All vacancies for permanent employment are counted, regardless if the application process is open to internal or external applicants.

Count is to be taken on the last day of the quarter.

Voluntary termination

An employee termination can either be voluntary or involuntary. Voluntary termination is an employee-initiated termination of employment contract either by *resignation* or *retirement*.



A voluntary termination for a non permanent employee is only to be counted if the non permanent employment contract is severed due to resignation or retirement before the employment contract time period has ended.

Students completing their contracted employment term and returning to school should not be included in involuntary termination.

Years of service *required data point

Years of service is the length of employment with an organization, calculated from the hire date. The term can also be referred to as tenure. The term should not be confused with seniority date, which is determined by an organization’s HR policy or union collective agreement.

If an employee previously worked for the organization and has been rehired, use the most recent hire date to calculate years of service.

This document is recognized by the British Columbia Human Resources Management Association (BC HRMA), the Human Resources Institute of Alberta (HRIA), the Human Resource Management Association of Manitoba (HRMAM), and the Saskatchewan Association of Human Resource Professionals (SAHRP) as the single source of truth for HR metrics standards.

The HR Metrics Standards & Glossary was written and published by the research team at the BC Human Resources Management Association (BC HRMA).

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HR Metrics Interpretation Guide

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Welcome!

This Interpretation Guide is designed to give you the information you need to interpret your metric and benchmarking results. This guide was created for strategic HR professionals to provide guidelines and suggestions on how to analyze the HR metrics data.

Use this guide to first understand your HR metric scores and then provide gained insight to your organization. Ultimately, it is up to each practitioner and organization to critically analyze and question their metric results, use good judgement and make decisions using all information available both within and outside of the organization.

This guide should be used in conjunction with the HR Metrics Standards & Glossary. Where terminology or definition is unclear, please refer to the glossary for details.

The HR Metrics Service is owned and operated by the British Columbia Human Resources Management Association (BC HRMA), in partnership with the Human Resource Institute of Alberta (HRIA), the Human Resources Management Association of Manitoba (HRMAM), the Human Resources Professionals Association (HRPA) (Ontario), and the Saskatchewan Association of Human Resource Professionals (SAHRP).

For more information about the service visit www.hrmetricservice.org

Table of Contents

Interpreting Your Results	4
Tips for Success	4
Quarterly vs. Annualized Results	4
Statistics Basics	6
Productivity Metrics	7
Revenue per FTE.....	7
Profit per FTE.....	8
Human Capital Return on Investment	9
Absenteeism Rate	10
Compensation Metrics	11
Labour Cost per FTE.....	11
Labour Cost Revenue Percent	12
Labour Cost Expense Percent	13
Recruitment Metrics.....	14
Vacancy Rate.....	14
1 st Year Resignation Rate	15
Retention Metrics	16
Turnover	16
Voluntary Turnover Rate	17
Cost of Voluntary Turnover	18
Involuntary Turnover Rate	19
Resignation Rate	20
Retirement Rate.....	21
Average Retirement Age	22
HR Efficiency Metrics.....	23
HR FTE Ratio.....	23
HR Costs per Employee	24
HR Costs per FTE.....	25
Workforce Demographics	26
Promotion Rate.....	26
Union Percentage.....	27
Average Age	28
Average Length of Service	29

Interpreting Your Results

With HR metrics, you can turn your human resources data into meaningful information about your human capital. To glean true knowledge from metrics, you can:

- view your organization's trends over time with *internal* benchmarking;
- package your metrics with complementary metrics that will provide a more detailed picture and tell a more complete story, and;
- compare your organization's results to the rest of your industry, sector or organizations of like size and location, using *external* benchmarking.

Use this guide to help you analyze your internal and external HR metrics benchmarking results.

Tips for Success

Regardless of your organization's metrics results, the sky is not falling. If your metric benchmarking results are satisfactory or better than expected – celebrate. But, also plan for the future to keep up those results.

If your metric benchmarking results are less than satisfactory:

- **Gain context** – are you comparing your organization against the right group?
- **Ask questions** – what has been going on in your organization? What has been going on in the economy? In your industry? What else might be impacting your results?
- **Seek the whole story** – can you look at complementary metrics, do further analysis, or survey your employees to narrow down the issue?
- **Frame the results** – provide both the good *and* the bad news. Be open and honest to build credibility and gain support where you need it. Measurement throughout the organization is used to ensure the organization is on track to meet strategic goals, not for punishment.
- **Plan to do better** – create a plan to improve and create targets. Do not aim to tackle all issues at once. Determine which issues are causing the greatest pain or have the biggest opportunity and focus on those that will have the greatest impact.

Quarterly vs. Annualized Results

The HR metrics survey is completed on a quarterly basis. The quarterly timelines allow for more frequent data collection, better analysis to account for the varying business cycles throughout the year and can better account for any economic changes.

Any organization that tracks metrics on a quarterly basis is encouraged to annualize their results to forecast human capital performance for the remainder of the year. Annualizing a quarterly result is as simple as calculating the moving average of the previous quarter's results and multiplying it by four (representing the four quarters of the year).

Example of how to annualize/forecast the Turnover Rate

	Q1
Terminations	10
Headcount	100
Quarterly Turnover	10.0%
Annualized Turnover	40.0%

	Q1	Q2
Terminations	10	15
Headcount	100	102
Quarterly Turnover	10.0%	14.7%
Annualized Turnover	49.4%	

	Q1	Q2	Q3
Terminations	10	15	20
Headcount	100	102	105
Quarterly Turnover	10.0%	14.7%	19.0%
Annualized Turnover	58.3%		

	Q1	Q2	Q3	Q4	2008
Terminations	10	15	20	5	50
Headcount	100	102	105	101	102
Quarterly Turnover	10.0%	14.7%	19.0%	5.0%	
*Annual Turnover	48.7%				

**No Annualized Turnover Required*

Statistics Basics

Average

Also known as “mean” or “arithmetic mean”. It describes the central location of the data.

The average is obtained by taking the sum of a group of values and dividing by the number of values.

The mean or average may be different than the median.

The Median

The median in a finite list of numbers can be found by arranging all the observations from lowest value to highest value and picking the middle number.

For an odd number of data points arranged in ascending order, the median is actually the middle value, and for an even number of data points it is the value halfway between the two middle data points.

The median may be very different to the mean as it is found through a different calculation.

Percentile

A percentile is the value of a variable below which a certain percentage of observations fall. So the 10th percentile is the value (or score) below which 10 percent of the observations may be found. For example, if there are 20 numbers in a range, the first two numbers are considered to be in the 10th percentile. The first five numbers form the 25th percentile, etc.

The 25th percentile is also known as the first quartile; the 50th percentile as the median or second quartile; the 75th percentile as the third quartile.

Why mean, median and percentiles are represented

Mean and *median* are two types of "averages" or measures of central tendency. For a given set of data, these measures may be very close or may be quite different, depending on how the data is distributed. The mean should be treated with care as its value can be greatly influenced by outliers. In other words, the mean is affected by a few extremely large or extremely small values outside the range of the rest of the data, but the median is not. The median shows the middle value of the range and ignores the outliers.

Used together, the mean and median give the full picture allowing you to fully compare your organization to the data collected.

Productivity Metrics

Revenue per FTE

What this metric means

The number of dollars of revenue from operations generated per Full-Time Equivalent (FTE).

The volume of dollars brought directly into the organization through operations based on the FTE calculation of employees who are revenue or non-revenue generating.

How this metric should be used

This is one of the most commonly used and understood measure of productivity by business leaders.

This figure is best used to measure productivity by non-profit generating organizations (Government or Other Public Sector organizations) or by organizations that are starting, or growing and not yet generating a profit.

This is a very powerful metric in determining if an organization is scaling itself successfully or not. For example, this metric can be used to determine if a growing organization should hire. Or, provide a warning when revenue is steady, but the staff required to bring in this revenue is growing at a faster rate.

Complementary metrics

Within the HR function, it is useful to build a more detailed picture of how results are being created through reviewing this measure alongside the following:

- Human Capital Return on Investment
- Profit per FTE
- Labour Cost Revenue Percent
- Labour Cost Expense Percent

Cautionary notes

The metric may monitor the volume of *revenue* generated for each FTE but does not address the ultimate *value* generated by each FTE.

It is possible for Revenue per FTE to increase but for expenses to outpace the revenue growth.

Productivity Metrics

Profit per FTE

What this metric means

The number of dollars of profit generated per Full-Time Equivalent (FTE), based on pre-tax profit.

The total number of pre-tax dollars generated by each FTE during the given time period or the profit created by employees who hold either revenue or non-revenue generating roles.

How this metric should be used

Use this metric to quantify employee output and measure the effectiveness of HR programs. Metric results can be further analyzed by observing the increase/decrease in revenue and expenses.

This is a very valuable metric for mature organizations that are focused on maximizing the overall contribution of their workforce. Combined with Labour Cost per FTE and Labour Cost Expense Percent it can give an indication if an organization has the right people, in the right place, at the right price to meet its strategic objectives.

Complementary metrics

Within the HR function, it is useful to build a more detailed picture of how results are being created through reviewing this measure alongside the following:

- Revenue per FTE
- Human Capital Return on Investment
- HR Costs per FTE / HR Costs per Employee
- Labour Cost Revenue Percent
- Learning & Development Investment per FTE

Cautionary notes

This metric is not for every organization. Many start-ups have yet to hit profitability and therefore cannot use this measure.

Organizations that generally do not produce a profit (Government Sector and Other Public Sector organizations) should look at alternate mechanism to measure productivity, such as Revenue per FTE or Labour Cost Expense Percent.

Productivity Metrics

Human Capital Return on Investment

What this metric means

The rate of return for each dollar invested in employee pay and benefits, based on pre-tax profit. The levels of staff productivity (output) as a result of the investment in people (input).

How this metric should be used

Any figure greater than zero indicates there is a return on investment. The figure is reported as a percentage. For example, a 50% return is equivalent to a profit of 50 cents for every dollar spent on compensation.

Human Capital ROI can be used to indicate the effectiveness of people practices and the HR function, as well as the overall effectiveness of the business in deploying and supporting its people to create value. This metric should be tracked in tandem with HR efficiency metrics to indicate which HR programs have the greatest impact on productivity.

Alternately, Human Capital ROI can be calculated as: $(\text{Revenue} - (\text{Operating Cost} - \text{Labour Cost})) / \text{Labour Cost}$

The results indicate the amount of profit generated for each dollar of compensation. However, by this method, success is any number bigger than 1 as the calculation includes the original compensation dollar invested.

Complementary metrics

For a more detailed understanding of how the return is being achieved or impacted, you should review this measure alongside:

- Revenue per FTE
- Profit per FTE
- HR Costs per FTE / HR Costs per Employee
- Labour Cost Revenue Percent

Cautionary notes

Organizations that are not profit-oriented, such as Government and Other Public Sector organizations, should look at alternate mechanism to measure productivity, such as Revenue per FTE or Labour Cost Expense Percent.

Productivity Metrics

Absenteeism Rate

What this metric means

The average number of work days missed due to illness for Full-Time Equivalent (FTE). Illness will include days taken on a short-term disability but not on a long-term disability.

This metric measures the relative health of your organization or alternatively, workforce attendance issues.

How this metric should be used

For organizations concerned about their Absenteeism Rate, further analysis can be done by exploring the reasons for absenteeism, patterns of frequency between various employee groups, observing the most common days of absence.

An increase in absenteeism may also indicate a disengaged workforce and can be considered a leading indicator of future employee turnover.

Absenteeism has also been correlated with engagement suggesting that a higher level of absenteeism indicates a workforce with a low level of engagement.

Absenteeism will also increase when people in the organization are being over-stressed through workload, change issues or uncertainty about their future.

Complementary metrics

Benefits as Percentage of Total Compensation – if your benefits percentage is low compared to the benchmark, your organization may consider ways to support employees and encourage them to take care of their health. Calculating the cost of absenteeism may demonstrate the value to be gained through introducing wellness programs or increasing certain levels of benefits.

Overtime per Individual Contributor Headcount – if overtime hours and Absenteeism Rates are increasing, this trend may indicate work overload and burn-out. Use these two metrics to determine if there is a need to hire or improve work processes.

Cautionary notes

There are several reasons why employees may be absent and further analysis, such as through focus groups, may be required.

Compensation Metrics

Labour Cost per FTE

What this metric means

The average labour cost to the organization for each Full-Time Equivalent (FTE).

How this metric should be used

To better understand the impact that labour costs have on total expenditures, and to monitor how these costs change overtime.

To better monitor increases in overall labour costs – not just salary – through combining, payroll, benefit and other taxable compensation-related expenses.

Complementary metrics

Perform further analysis with: Benefits as Percentage of Total Compensation, Overtime per Individual Contributor.

Use in conjunction with Resignation Rate to monitor if the person leaving has a higher Labour Cost per FTE than the new person and hence determine whether your total labour costs will be positively or negatively impacted

If your organization is experiencing high resignation rates, consider comparing this metric together with your resignation rate, along with the Labour Cost per FTE and resignation rates of your competitors. If your Labour Cost per FTE is too low this may be part of what is causing your turnover.

Review this metric against employee engagement and exit survey data with respect to satisfaction rates with pay and benefits.

Consider monitoring the Labour Cost per FTE of a resigned employee and the Labour Cost per FTE of the incumbent to manage this additional cost of turnover.

Monitor this metric with Human Capital Return on Investment and Profit per FTE to determine if your Labour Costs are impacting your overall profitability and return.

Cautionary notes

Labour Cost per FTE can be skewed if there are a few employees earning substantially higher pay compared to the rest of the organization.

Compensation Metrics

Labour Cost Revenue Percent

What this metric means

The total labour costs as a percentage of organizational revenue, or, how much you spend on salary and benefits as a percentage of the revenue generated. The metric result can be translated as the amount of investment in your employees required to generate each dollar of revenue.

This metric can show how well your pay for performance system is working.

How this metric should be used

As an organization grows, it should gain economies of scale in physical and human capital. Revenue should grow faster than expenses, such as Labour Cost. Hence, if you are looking to improve your organizational profitability you should be looking to reduce your Labour Cost Revenue Percent.

Labour Cost Revenue Percent is also a measure of the efficiency with which you are generating revenue from the people in your organization. An increase in this figure or a figure which is higher than your benchmark group suggests your employees are being less efficient and may benefit from further training, improved processes or better technological support. A higher figure may also suggest that the pay for performance system may not be effective.

Complementary metrics

Monitor Labour Cost Revenue Percent with Labour Cost per FTE to determine if your average price for people or reduced revenues is the causal factor.

Monitor this metric with Human Capital Return on Investment and Profit per FTE to determine if your Labour Costs are impacting your overall profitability and return.

Cautionary notes

Metric may be more volatile when an organization is in start-up or growth mode, where there is no revenue or revenue is generated by investments.

Compensation Metrics

Labour Cost Expense Percent

What this metric means

The total labour costs as a percentage of total expenses. This metrics tells you the percentage of your total operating expenses that are spent on compensating your employees.

Labour cost can be a significant operating expense, in particular in an organization that relies on human capital to generate value.

How this metric should be used

This metric highlights the proportion of expenses that go towards labour costs and the need to monitor and invest in human capital like other capital expenditures.

This metric can show how your spend on people is varying relative to your total expenditures.

It can show when increases in staffing or Labour costs may have an impact on overall profitability or organizational sustainability.

If profitability is being impacted then it may be relevant to try and reduce this figure to monitor your progress in this area. In this circumstance it will be important to include Revenue per FTE to ensure that revenues are not being sacrificed through a reduction in Labour Costs.

Complementary metrics

Labour Cost per FTE can assist with monitoring the rate at which your labour costs are growing relative to your expenses to determine whether the impact to your Labour Cost Expense Percent is through more people or through more cost for the same people.

Cautionary notes

Labour Cost Expense Percent can appear to be a reasonable figure even if both operating costs and labour costs are inflated.

This figure should be benchmarked with care as it varies significantly by industry and the nature of different organizations business models. For example, in labour-intensive service firms this figure can be higher than in manufacturing organizations. This figure can also be higher in firms with a highly skilled workforce.

Recruitment Metrics

Vacancy Rate

What this metric means

The percentage of positions being actively recruited for at the end of the reporting period.

The metric conveys the amount of recruitment requisitions that have been approved and where the recruitment process is currently underway.

The metric measures both recruitment volumes and the demand for labour.

How this metric should be used

A higher vacancy rate, combined with a higher External Time-to-Fill rate, can signify a labour supply issue. It could be that the organization has a problem attracting good candidates; review the competitiveness of the compensation package or the reputation of the organization. On the other hand, if the unemployment rate is near or below the 5% mark, then this is likely to be the issue and will require you to invest more heavily in attracting good candidates.

Organizations and sectors that see higher turnover rates could also experience high vacancy rates.

Complementary metrics

This metric is very helpful in understanding talent supply side and can be used in conjunction with the following metrics to develop a clearer picture:

- External Time-to-Fill
- External Offer Acceptance Rate
- Turnover Rate

Cautionary notes

The vacancy rate is calculated at a point in time so may not reflect a peak or quiet recruiting period. However, tracking and benchmarking vacancy rates over time will provide important information on trends within your organization and the market in general.

Recruitment Metrics

1st Year Resignation Rate

What this metric means

Percentage of employees with less than one year of service who resigned.

How this metric should be used

This metric is one indicator of quality of hire. If this resignation rate is higher for the first year of employment than for employees with a greater length of service, it could be an indicator of a larger issue.

This metric may be an indicator of an ineffective recruitment process, on-boarding process or employer branding misalignment. Further analysis should be completed with an on-boarding and exit survey.

Also, this metric should be complemented with other quality of hire and recruitment efficiency metrics to provide a complete picture of the effectiveness of the recruitment process.

Complementary metrics

This metric is very helpful in understanding hiring effectiveness and can be used in conjunction with the following metrics to develop a clearer picture:

- Resignation Rate
- Resignation Rate by length of service
- Resignation Rate by age group
- Cost of Voluntary Turnover
- 90 Day Voluntary Turnover Rate
- External Cost per Hire

Cautionary notes

If your sector or industry typically experiences a higher turnover rate than others, monitoring the 90 Day Voluntary Turnover Rate may provide a more accurate assessment of quality of hire.

Retention Metrics

Turnover

What this metric means

Employees who left the organization, either voluntarily or involuntarily, as a percentage of headcount.

How this metric should be used

Some level of turnover is ideal; external hires may bring in new ideas and perspectives and it's a sign that non-performing employees may be leaving the organization.

Do further analysis on the turnover rate by calculating the Resignation Rate, Retirement Rate and Involuntary Turnover.

However, turnover ultimately costs money in lost productivity, recruitment and training costs, customer satisfaction levels and sometimes employee morale. Translate the turnover rate into dollar costs to communicate the impact on the bottom line.

Complementary metrics

This metric is key to understanding all aspects of the talent cycle within your organization. On its own, it may indicate that the retention processes of the business are not working. Review this metric alongside the following to develop a clearer picture of your retention effectiveness:

- Cost of Voluntary Turnover
- Resignation Rate
- Retirement Rate
- Involuntary Turnover Rate
- Voluntary Turnover Rate by Job Level
Involuntary Turnover Rate by Job Level 1st year
Turnover Rate

Cautionary notes

High turnover rates can cause alarm. Ensure that you benchmark against like organizations, in sector and industry. Assess the state of labour supply and demand in your region. Perform further analysis on the turnover rate to determine the real issues.

The term "turnover" is frequently confused with other terms such as "attrition" or "churnover". Ensure your audience is aware of the definition and formula calculation.

Retention Metrics

Voluntary Turnover Rate

What this metric means

Employees who left the organization voluntarily as a percentage of headcount.

How this metric should be used

Use this metric to determine the volume of employees that are opting to leave the organization.

Some level of voluntary turnover is ideal; external hires may bring in new ideas and perspectives and it's a sign that non-performing employees may be leaving the organization.

Turnover ultimately costs money in lost productivity, recruitment and training costs, customer satisfaction levels and sometimes employee morale. Translate the voluntary turnover rate into dollar costs to communicate the impact on the bottom line.

Complement the Voluntary Turnover Rate with analysis from an employee exit survey.

An increase in voluntary turnover can point to a lack of competitiveness in salary, a drop in leadership credibility, poor retention practices or an improved job market.

Complementary metrics

A certain level of voluntary turnover is to be expected but an increase is likely to be linked to some form of organizational problem or issue. Review this metric alongside the following to develop a more detailed and clearer picture of your hiring and retention effectiveness:

- Cost of Voluntary Turnover
- Resignation Rate
- Retirement Rate
- Involuntary Turnover Rate
- Voluntary Turnover Rate by Job Level 1st year Turnover Rate

Cautionary notes

High turnover rates can cause alarm. Ensure that you benchmark against like organizations, in sector and industry. Assess the state of labour supply and demand in your region. Perform further analysis on the turnover rate to determine the real issues.

The term "turnover" is frequently confused with other terms such as: "attrition" or "churnover". Ensure your audience is aware of the definition and formula calculation.

The term "voluntary turnover" is frequently confused for the volume of resignations. Voluntary turnover includes both the volume of resignations and retirements.

Retention Metrics

Cost of Voluntary Turnover

What this metric means

The average cost to replace each employee who left your organization voluntarily.

This metric can be used to calculate the impact of turnover on the organization's overall costs.

How this metric should be used

Voluntary turnover has an associated cost: lost productivity, recruitment and training costs, customer satisfaction levels and sometimes employee morale. Use this metric to describe the impact of turnover to the organization's productivity, costs and, in turn, profits, either from increased expenditures, decreased revenues, or both.

Complementary metrics

The number is the average cost of voluntary turnover, per employee. To calculate the total cost of voluntary turnover, multiply this figure by the number of people who left your organization on a voluntary basis. In order to understand where this cost is coming from and how to reduce it, use the metrics below to understand the broader picture of both where your turnover is coming from and the impact on the organization.

- Voluntary Turnover Rate
- 1st Year Resignation Rate
- Resignation Rate by length of service
- Resignation Rate by age group
- Human Capital Return on Investment
- Profit per FTE
- Revenue per FTE

Cautionary notes

Based on several research studies, this metric assumes that the cost of turnover for salaried employees is 1.5x their salary and 0.5x the calculated salary for hourly paid employees.

The true cost of each organization's voluntary turnover could be less or more than this estimate, depending on the sector or industry. Organizations are encouraged to further analyze their cost of voluntary turnover with a customized study.

Retention Metrics

Involuntary Turnover Rate

What this metric means

Employees who left the organization involuntarily as a percentage of headcount.

How this metric should be used

Use this metric to determine the volume of employees that are being asked to leave the organization.

Some level of involuntary turnover is ideal to ensure the performance management process is effective.

An involuntary turnover rate that is trending higher or that is significantly greater than other like organizations could be an indicator of an ineffective recruitment process or a fundamental shift in the organizational structure.

Complementary metrics

- 90 Day Involuntary Turnover Rate
- 1st Year Involuntary Turnover Rate
- Involuntary Turnover Rate by Job Level (i.e. Individual Contributor, Management, and Executive Level)

Cautionary notes

The Involuntary Turnover Rate includes employees who have been dismissed, laid off, have declared Long-term Disability or have passed away.

Unlike other metrics, organizations should not set targets for involuntary turnover rates.

Retention Metrics

Resignation Rate

What this metric means

Employees who resigned from the organization as a percentage of headcount.

How this metric should be used

Use this metric to determine the rate at which employees are choosing to leave the organization.

Resignations are generally the most preventable of all employee turnover. Perform further analysis by asking the employee why they are leaving with an exit survey.

Complementary metrics

Your overall resignation rate is an important metric for tracking the overall effectiveness of your retention programs and compensation strategy. However, it does not provide sufficient detail to be able to determine where problems may exist and therefore how correct them. The metrics below should be used in conjunction with your overall resignation rate to create a clearer picture:

- 1st Year Resignation Rate
- Resignation Rate by length of service
- Resignation Rate by age group
- Cost of Voluntary Turnover
- 90 Day Voluntary Turnover Rate

Retention Metrics

Retirement Rate

What this metric means

Employees who retired as a percentage of headcount.

How this metric should be used

Observe trending in retirement rates, such as specific times of the year, or whether the retirement rate is increasing or decreasing over time.

Forecast future Retirement Rates with other demographic information, such as Average Age, historical Retirement Rates and Average Retirement Age Rates, and demographic information from Statistics Canada. A rising retirement rate in the economic region could indicate a future labour supply issue. This metric is particularly important for any organization developing a strategic workforce plan.

Complementary metrics

Retirement rate is a key workforce planning metric. It can determine how quickly the talent pipeline will need to be re-supplied and how much development the organization will need to undertake to replace the knowledge and experience that leaves when people retire. Other metrics which can provide the complete picture are:

- Average Retirement Age
- Average Age
- Vacancy Rate
- External Time-to-Fill
- Succession Planning Rate

Cautionary notes

While an employee may qualify to retire from the organization, this does not indicate that the employee has left the workforce. Many people who have retired continue to work on contract, casual or a part-time basis.

Retention Metrics

Average Retirement Age

What this metric means

Average age of employees who retired.

How this metric should be used

Observe long term trends, such as whether the retirement rate is increasing or decreasing over time and during specific economic cycles.

The Average Retirement Age is useful in forecasting when and at what rate your workforce may retire in the future. If your average retirement age starts to reduce then you may need to speed up your succession planning and development activities to cover for the loss of knowledge and experience.

The Average Retirement Age is traditionally lower in the public sector, in unionized work environments, in organizations with employer-sponsored pension plans, or among employees with longer job tenures. Workers who are self-employed tend to retire beyond the traditional retirement age of 65.

Source: <http://www.statcan.gc.ca/pub/11-008-x/2008002/article/10666-eng.htm>

Complementary metrics

Average Retirement Age is a key workforce planning metric. Together with the Retirement Rate, it can help better forecast future recruitment needs. Other metrics that can provide the complete picture are:

- Retirement Rate
- Average Age
- Vacancy Rate
- External Time-to-Fill

HR Efficiency Metrics

HR FTE Ratio

What this metric means

The ratio of HR staff to each Full-Time Equivalent (FTE).

Shows the ratio of HR staff supporting the organization's employee base.

How this metric should be used

Consider how important it is to have HR staff supporting the managers and employees.

Gives a benchmark and a way to monitor how many HR people are deployed to manage all of the various activities and functions that live within HR. Can lead to insight and decisions on whether the level of support to managers and employees is sufficient or whether technology, outsourcing or process improvements could improve the overall efficiency with which HR is delivered to the business

Consider the proportion of staff dedicated to administrative or strategic functions. Consider the calibre and volumes of HR programs the function supports.

A low ratio (e.g. several FTE are covered by HR FTE) without effective technology, efficient processes or outsourcing is not necessarily a good thing as you may be under-servicing key employee or manager needs. Review this metric against Productivity, Recruitment and Retention metrics to get a clearer picture. Low productivity or poor results on recruitment or retention metrics may suggest that HR is either ineffective or is under-resourced.

Complementary metrics

The HR FTE Ratio doesn't tell the whole story. Balance the results with HR Headcount Ratio and HR Costs per FTE.

Also look at Productivity, Recruitment, and Retention metrics to determine if the function is effective and therefore appropriately staffed.

Cautionary notes

The definition of HR excludes functions that may or may not reside within the walls of HR, such as payroll and training. Be aware of benchmarks which do not clearly define the HR count.

HR Efficiency Metrics

HR Costs per Employee

What this metric means

The cost of creating, implementing and administering HR programs for each employee, including benefits, compensation, employee relations, employee call centre, HRIS, employee data and personnel records, organization development, recruitment and retention.

How much money your company spends per quarter for each employee during the various stages of the employment lifecycle (attract > hire > retain > terminate).

How this metric should be used

This metric should be presented as part of the discussion of HR efficiency and should be balanced with a discussion on HR effectiveness.

This metric can be used to determine the *efficiency* of the HR function. Be aware that this is not the same as determining the *effectiveness*. For example, a higher HR Cost per Employee combined with positive Productivity, Recruitment, and Retention metrics would indicate an effective HR function.

When interpreting the metric, consideration should be given to the organization's emphasis on its commitment to its employees. It is likely that the higher the organization's focus on the value of their employees, the higher HR Costs per Employee.

Complementary metrics

HR Costs per FTE.

Any metric that measures an outcome of HR program (or "HR effectiveness"), such as Productivity, Recruitment and Retention metrics.

Learning & Development metrics may complement the discussions of HR effectiveness and efficiency.

Cautionary notes

The definition of HR excludes functions that may or may not reside within the walls of HR, such as payroll and training.

HR Costs do not include labour costs for the entire organization, but will include the labour costs for HR staff who administer the functions.

Be aware of benchmarks which do not clearly define the HR count or HR costs as the benchmarks may not be comparable.

HR Efficiency Metrics

HR Costs per FTE

What this metric means

The cost of creating, implementing and administering HR programs for each Full-Time Equivalent (FTE), including benefits, compensation, employee relations, employee call centre, HRIS, employee data and personnel records, organization development, recruitment and retention.

How much money your company spends per quarter on each FTE during the various stages of the employment lifecycle (attract > hire > retain > terminate).

How this metric should be used

This metric should be presented as part of the discussion of HR efficiency and should be balanced with a discussion on HR effectiveness.

This metric can be used as to determine the *efficiency* of the HR function. Be aware that this is not the same as determining the *effectiveness*. For example, a higher HR Cost per FTE combined with positive Productivity, Recruitment, and Retention metrics would indicate an effective HR function.

When interpreting the metric, consideration should be given to the organization's emphasis on its commitment to its employees. It is likely that the higher the organization's focus on the value of their employees, the higher HR Costs per FTE.

Complementary metrics

HR Costs per Employee - it is possible for employee headcount to reduce and FTE to stay the same or vice versa depending on the make-up of your workforce. Combining these two metrics allows you to determine which is the most relevant measure for your organization.

Any metric that measures an outcome of HR program (aka "HR effectiveness"), such as Productivity, Recruitment and Retention metrics.

Learning & Development metrics may complement the discussions of HR effectiveness and efficiency.

Cautionary notes

The definition of HR excludes functions that may or may not reside within the walls of HR, such as payroll and training.

HR Costs do not include labour costs for the entire organization, but will include the labour costs for HR staff who administer the functions.

Be aware of benchmarks which do not clearly define FTE, HR FTE or HR costs as the benchmarks may not be comparable.

Promotion Rate

What this metric means

Employees promoted as a percentage of headcount.

How this metric should be used

The results of this metric are a point of discussion for organizations regarding whether or not they are providing opportunities for development and advancement.

Organizations should compare their Promotion Rate with their competitor's to determine whether or not they appear to offer a better career opportunity for employees.

Track the promotion rate to determine whether overall staff development work is creating a pipeline of capable talent which can sustain the organization over time.

If your promotion rate into Management or Executive Level positions is low and External Hire for those positions is high, consider investing more in learning and development.

Complementary metrics

- Career Path Ratio
- Churnover
- External Hire Rate
- External Hire Rate by job level
- Turnover
- Learning and Development Hours per FTE
- Learning and Development Investment per FTE

Cautionary notes

Promotion Rates do not always indicate a better or worse opportunity for employee growth and advancement. Employee development and recognition opportunities may exist outside of a formal promotion.

Workforce Demographics

Union Percentage

What this metric means

Employees belonging to a union as a percentage of headcount.

How this metric should be used

This metric should be used as information on workplace demographics and when comparing benchmarks from one organization to another.

Workforce Demographics

Average Age

What this metric means

Average age of organizations' total employee population.

How this metric should be used

Use this metric as part of overall workforce planning.

The average age of employees could speak to the years of experience, skills and knowledge required to be employed by the organization.

Complementary metrics

It is recommended that Average Age be sliced by job level to observe a more complete demographic picture of the organization. Other recommended metrics are:

- Average Retirement Age
- Retirement Rate

Workforce Demographics

Average Length of Service

What this metric means

Average length of employee service based on headcount.

How this metric should be used

Include this metric as a part of the discussion on employee retention. Each individual employee may vary in their length of service but this metric can tell you if the characteristics of your overall employee base are static or changing.

This metric can help with workforce planning and also in ensuring that your retention practices are working.

Complementary metrics

Average Length of Service is an important metric to monitor for the purposes of workforce planning.

The metrics below can help to determine what might be impacting the Average Length of Service:

- Turnover Rate
- Average Retirement Age
- Average Age
- Vacancy Rate
- Voluntary Turnover Rate
- 1st Year Resignation Rate
- Resignation Rate by length of service
- Resignation Rate by age group

Cautionary notes

Quote with caution - a high average length of service does not always indicate employee engagement, satisfaction, loyalty, or productivity.

If an organization is new or in growth mode it is likely that this metric will be lower than the benchmark.



The HR Metrics Interpretation Guide was written and published by the research team at the BC Human Resources Management Association (BC HRMA).

This document is free for anyone to use. We ask that you do not change the content and reference BC HRMA as the source.

This document is recognized by British Columbia Human Resources Management Association (BCHRMA), the Human Resource Institute of Alberta (HRIA), the Human Resources Management Association of Manitoba (HRMAM), the Human Resources Professionals Association (HRPA) (Ontario), and the Saskatchewan Association of Human Resource Professionals (SAHRP) as the single source of truth for HR metrics standards.



Appendix – OSHA Recordkeeping SIC Code Exemption

Non-Mandatory Appendix A to 29 CFR 1904 Subpart B -- Partially Exempt Industries -- Employers are not required to keep OSHA injury and illness records for any establishment classified in the [Standard Industrial Classification \(SIC\) codes](#) listed below, unless they are asked in writing to do so by OSHA, the Bureau of Labor Statistics (BLS), or a state agency operating under the authority of OSHA or the BLS.

SIC Code	Industry Description	SIC Code	Industry Description
525	Hardware Stores	725	Shoe Repair and Shoeshine Parlors
542	Meat and Fish Markets	726	Funeral Service and Crematories
544	Candy, Nut, and Confectionery Stores	729	Miscellaneous Personal Services
545	Dairy Products Stores	731	Advertising Services
546	Retail Bakeries	732	Credit Reporting and Collection Services
549	Miscellaneous Food Stores	733	Mailing, Reproduction, & Stenographic Services
551	New and Used Car Dealers	737	Computer and Data Processing Services
552	Used Car Dealers	738	Miscellaneous Business Services
554	Gasoline Service Stations	764	Reupholstery and Furniture Repair
557	Motorcycle Dealers	78	Motion Picture
56	Apparel and Accessory Stores	791	Dance Studios, Schools, and Halls
573	Radio, Television, & Computer Stores	792	Producers, Orchestras, Entertainers
58	Eating and Drinking Places	793	Bowling Centers
591	Drug Stores and Proprietary Stores	801	Offices & Clinics Of Medical Doctors
592	Liquor Stores	802	Offices and Clinics Of Dentists
594	Miscellaneous Shopping Goods Stores	803	Offices Of Osteopathic Physicians
599	Retail Stores, Not Elsewhere Classified	804	Offices Of Other Health Practitioners
60	Depository Institutions (banks & savings institutions)	807	Medical and Dental Laboratories
61	Nondepository Institutions (credit institutions)	809	Health and Allied Services, Not Elsewhere Classified
62	Security and Commodity Brokers	81	Legal Services
63	Insurance Carriers	82	Educational Services (schools, colleges, universities and libraries)
64	Insurance Agents, Brokers, & Services	832	Individual and Family Services
653	Real Estate Agents and Managers	835	Child Day Care Services
654	Title Abstract Offices	839	Social Services, Not Elsewhere Classified
67	Holding and Other Investment Offices	841	Museums and Art Galleries
722	Photographic Studios, Portrait	86	Membership Organizations
723	Beauty Shops	87	Engineering, Accounting, Research, Management, and Related Services
724	Barber Shops	899	Services, not elsewhere classified

Max Muller



Max Muller possesses more than 38 years of business experience as an attorney, businessman and consultant.

For many years Max held various operating and executive positions with distribution and information technology companies.

In 1990, he began a consulting and professional speaking practice focusing on providing practical solutions in the areas of:

TOPIC AREA	TOPIC COVERAGE INCLUSION
<ul style="list-style-type: none"> ★ Workplace Legalities 	<ul style="list-style-type: none"> • Discrimination • Harassment (including sexual harassment) • FMLA • ADA • FLSA • COBRA • Recruitment and Onboarding • Discipline and Discharge • Unemployment • Workers' Compensation • Behavior Based Interviewing • Performance Evaluation (including Behaviorally Anchored Rating Systems ("BARS") of performance evaluation) • Documentation • National Labor Relations Act ("NLRA") • Legal Aspects of Social Media (including workplace privacy)
<ul style="list-style-type: none"> ★ Occupational Safety and Health 	<ul style="list-style-type: none"> • 10-Hour General Industry OSHA Outreach Program (attendees receive Course Completion Card from OSHA Training Institute) • 30-Hour General Industry OSHA Outreach Program (attendees receive Course Completion Card from OSHA Training Institute) • One- and Two-Day OSHA programs tailored to your organization's specific industry and needs
<ul style="list-style-type: none"> ★ Inventory Control ★ Cycle Counting ★ Supply Chain Management ★ Warehousing 	<ul style="list-style-type: none"> • Warehousing and Inventory Control Fundamentals • Why Inventory Systems Fail and How to Fix Them • Creating a Perpetual Inventory Control System Through Cycle Counting Methodologies (including the Block Method, the Random Selection Method, the Diminishing Population Technique, and the A-B-C Method) • Supply Chain Management Fundamentals (including implementation, as well as how to avoid creating a single point of failure) • Fundamentals of Negotiating Purchase Agreements (including both contracts for services and contracts for purchasing goods)

As well as having presented more than 3,000 seminars, webinars, podcasts and audio-conferences throughout the United States, England and Canada, attended or participated in by over 100,000 individuals, Max is a highly experienced instructional designer. He has authored numerous one- and multi-day seminars and workshops, training video scripts, and internet distance learning materials for a number of adult continuing education organizations.

- ★ **Max can tailor a program to your organization's own unique needs!!!**
- ★ **Max can help you update your employee handbook!!!**

Max Has Authored the Following Books

- ***The Manager's Guide to HR: Hiring, Firing, Performance Evaluations, Documentation, Benefits, and Everything Else You Need to Know***, Second Edition, AMACOM Books and SHRM, New York City, August 2013*
 – First Edition, AMACOM Books *This book qualifies for HRCI re-certification credits
- ***The Fundamentals of Inventory Control and Management***, 4th Edition, AMACOM Books, New York City, 2013.
- ***The Legal Side of HR Practice***, AMACOM Books, New York City, January 2012.
- ***Essentials of Inventory Management, 2d Edition***, AMACOM Books, New York City, March 2011.



- Spanish language version – *Fundamentos De Administracion De Inventarios*, Grupo Editorial Norma, 2005.
- English language softcover version distributed in India, Sri Lanka, Nepal, Bangladesh and Pakistan by Jaico Publishing House, India, 2007.
- ***The Essential OSHA Self-Study Guide***, Sound Learning Solutions, Kansas City, MO, January 2006.

Licenses/Degrees

- University of Kansas, Bachelor of Arts
- University of Kansas School of Law, Juris Doctor
- OSHA Authorized General Industry Outreach Trainer
- Licensed REALTOR[®], Kansas
- Certified FastTrac[®] Facilitator, Kaufmann Foundation

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