

# MEASURING HR: MOVING BEYOND NUMBER CRUNCHING



### ACKNOWLEDGEMENTS

We gratefully acknowledge the efforts of our survey respondents and our forum participants who took valuable time away from their day jobs to participate in this research. We are particularly grateful to our research partner, Ceridian, without whom this study would not have been possible.

A stylized, handwritten signature in black ink, appearing to read 'Laura Pacheco'.

Laura Pacheco  
Vice President, Research  
FEI Canada

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### EXECUTIVE SUMMARY

Given that the largest expense item for most companies is payroll and associated costs, and their largest asset is employees, it is not surprising that the human resources function is often overseen by Finance. According to this recent study by the Canadian Financial Executives Research Foundation (CFERF), the research foundation of FEI Canada, entitled *Measuring HR*, almost 70% of financial executives surveyed stated that at least one of the HR functions at their organization reported into Finance. The trend has been steady, with no decrease in the reporting relationship in the last five years in the vast majority of companies surveyed:

- 92% of senior financial executives surveyed stated that Finance's involvement in the oversight of HR had either remained unchanged or had increased during the past five years.
- 8%, or less than in 10 survey participants, said Finance's involvement had decreased during the past five years.

While Finance oversight remains consistent, an analysis of survey results revealed slightly different approaches to measuring the health of the workforce between public and private companies:

- 52% of all respondents who were asked to choose their top preferred metrics stated that they would focus on a top line metric such as revenue per FTE (full-time equivalent) or labour costs as a percentage of revenue. These metrics were especially favoured by private companies (62%), indicating an inclination towards keeping the analysis simple.
- 47% of public companies indicated a preference for so-called "bottom-line" measures: profit margin per FTE or human capital ROI.

Quantifying even some aspects of human resources, as outlined above, is no easy task, and these kinds of challenges served as the impetus for this study. Analyzing the value people bring to an organization isn't as straight-forward as doing a valuation of hard assets such as property, plant and equipment.

For this very reason, financial executives and corporate directors are somewhat wary as they consider the efficacy of the metrics used, the questions asked, the analytics applied and the benchmarking established. The ultimate goal of using HR analytics is to manage and support the most productive and profitable workforce by effectively

mining and employing reliable data to cross-check what one executive described as “that gut-feel”.

As HR issues continue in importance, there is a marked belief by many survey respondents that HR’s role will also expand at the board level:

- 21% of the survey respondents predict that HR will have expanded its responsibilities in these meetings.
- 43% stated HR already plays a full and active role in these meetings.

Such an expansion in this area strongly suggests – both in CFERF’s survey and roundtable discussion – that a move to expanded HR participation indicates CEOs, CFOs, directors and other decision-makers recognize the dynamics of HR and have some increased desire to better understand and measure this critical area of their organizations’ operations.

However, both respondents to an online survey and roundtable participants indicated they were not well-versed in the use of HR analytics as a solution for understanding and acting on a variety of factors relevant to the management of human capital. A majority did not regularly employ HR analytics, or if they did so, its use was sporadic. In the current age of Big Data, the worry for executives is that those who do not keep up with all information available about various aspect of their organization, including HR metrics, may find that their competitors do, leaving them at a significant disadvantage.

### INTRODUCTION

This CFERF study, entitled *Measuring HR*, was sponsored by Ceridian with the objective of exploring the relationship between HR and Finance and how HR analytics are used and leveraged within the organization. Related to this objective was the exploration of HR analytical tools preferred by senior finance executives to help manage the business and the one financial metric preferred to measure the health of the organization and workforce.

Given the high proportion that payroll costs are to any business, the study also investigated compensation benchmarking practices.

Because 65% of the population is composed of visual learners<sup>1</sup>, the importance of conveying and understanding financial information in a visually-appealing manner should not be overlooked. The effective execution of a project or strategy requires alignment but, before there is alignment, a basic understanding is required of the current state and desired end-state. Five popular HR analytical dashboards were also reviewed by senior financial executives, with the objective of understanding respondents' preference and why.

## RESEARCH METHODOLOGY

*Measuring HR* was prepared by the Canadian Financial Executives Research Foundation (CFERF), the research arm of FEI Canada, and was sponsored by Ceridian Human Capital Management (HCM) Canada Inc., an international leader in human capital management software and consulting since 1975.

This study comprises the results of an online survey of Canadian financial executives which took place between March 4th – March 30th, 2015. The report encompasses the insights and opinions of 107 respondents to the online survey as well as an April 12th, 2015 executive research roundtable, which was attended by 14 senior finance executives at FEI Canada's national office in Toronto. For a full list of forum participants, please see **Appendix C**.

An interesting discussion developed through the roundtable event, with representatives from a wide spectrum of industry sectors sharing insights into the challenges facing senior financial executives as they attempt to expand their understanding of the opportunities available to their organizations vis-à-vis the evolving roles of their HR departments.

This CFERF study encapsulates the responses from a broad cross-section of experienced financial executives from both public and private companies, and entrepreneurial experts and consultants whose reach extends from local to large multinational organizations.

### SURVEY DEMOGRAPHICS

The main respondents to the online survey component of this research study were CFOs (41%), VPs of Finance (16%) and Directors of Finance (13%). Almost half (46% of total) of the respondents were from privately held companies and 36% were from publicly traded companies. The balance of the respondents were from the not for profit sector (8%), Crown corporations (6%), government (2%) and other (2%).

The main industries represented were:

- Professional, scientific and technical services (19%)
- Manufacturing (15%)
- Finance and insurance (12%)
- Mining, quarrying and oil and gas extraction (9%)
- Construction (6%)
- Real estate and rental and leasing (5%)
- Utilities (5%)

With respect to geographic regions where respondents had employees:

- 57% were domestic (Canada only)
- 22% had employees in North America only, and
- 21% had a global presence.

For the purposes of this report, companies were grouped into three broad revenue groups:

- 53% were respondents in small companies (revenues under \$100M)
- 25% were mid-sized companies (\$100M- under \$1B)
- 22% were large companies (Revenues of \$1B or higher)

Results were also reviewed by number of employees and where there were differences between groups, the differences were noted:

- 46% were small companies (1-250 employees)
- 23% were mid-sized companies (251-1,000 employees)
- 31% were large companies (over 1,000 employees)

For more demographic information, please see Appendix A.

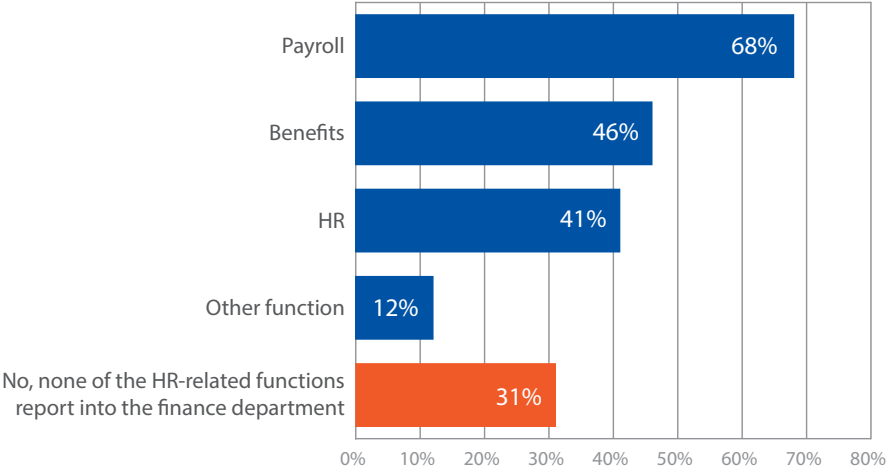


## FINANCE AND ITS EYE ON HR

An organization’s people costs represent its largest expense and also the company’s underlying value, as employees are its greatest asset that do not appear on a balance sheet. Not surprisingly, senior finance executives always monitor this largest expense line.

To what degree and in what areas are Finance departments involved in HR? Overall, almost 70% of respondents had at least one HR-related function reporting into their Finance department. For those from either privately-held companies or annual revenues under \$100M, almost 85% of respondents had at least one HR-related function reporting to the Finance department. Payroll (68%) and benefits (46%) were the two most cited areas reporting to finance.

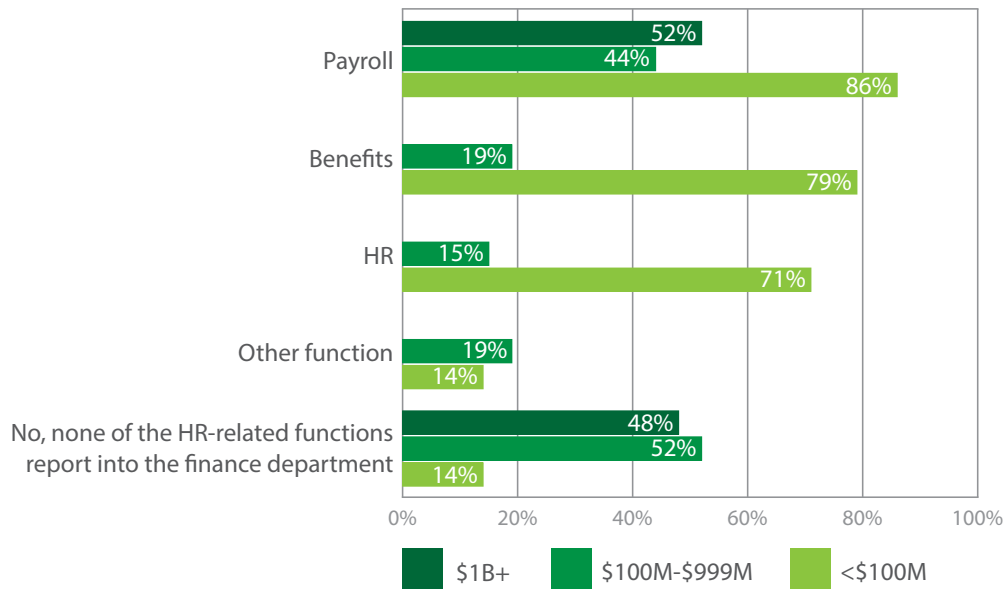
CHART 1.1: Do any of the following areas currently report into the finance department at your organization?



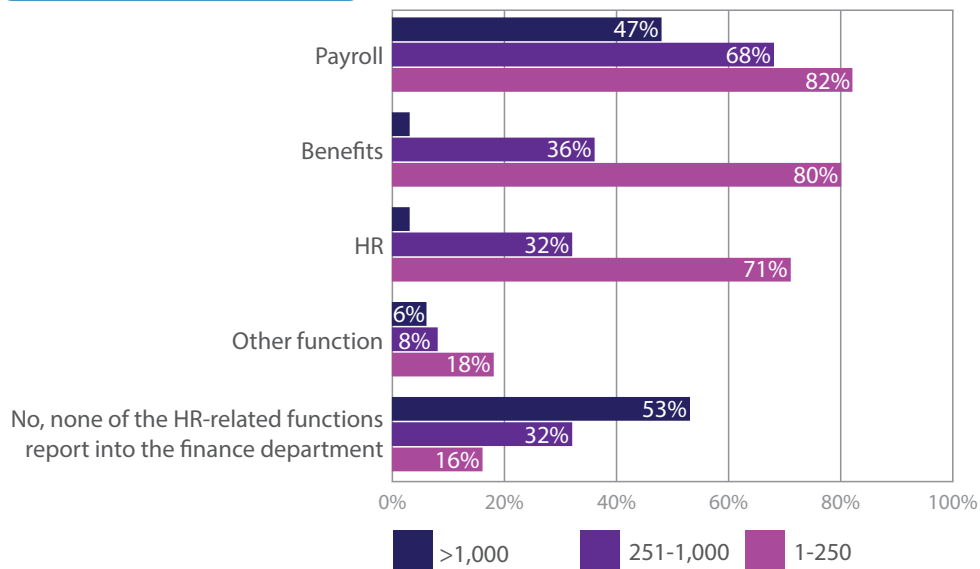
- Other HR-related functions mentioned include:
- Workers’ compensation
  - Stock option plan administration
  - Pension fund
  - Code of ethics
  - Succession planning
  - Employee engagement initiatives

MEASURING HR

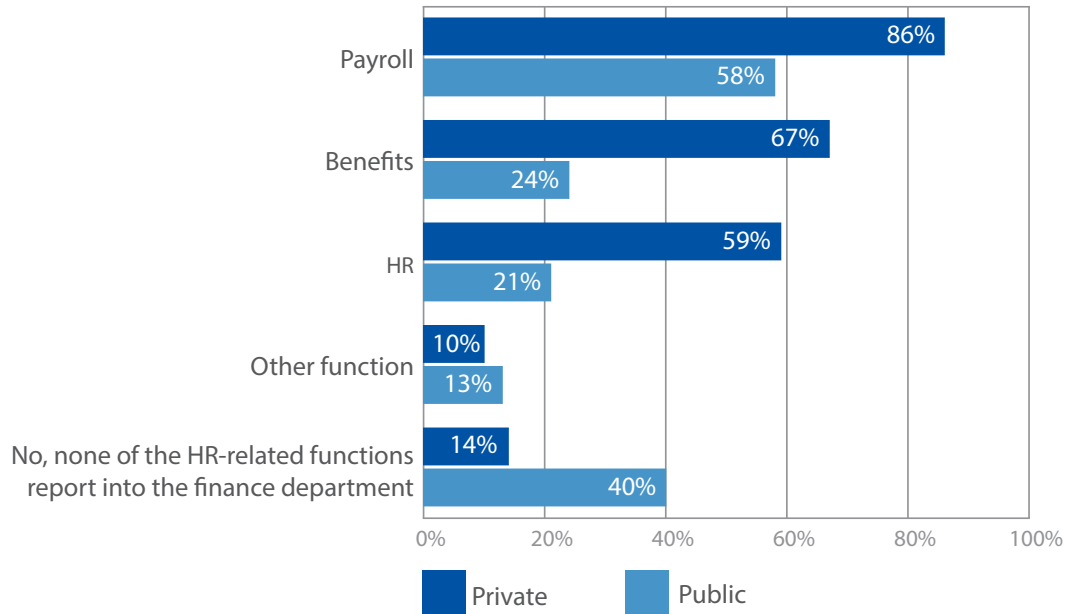
BY ANNUAL REVENUE



BY NUMBER OF EMPLOYEES



BY CORPORATE STRUCTURE



Publicly-traded companies, companies with more than \$1B in revenue and those with more than 1,000 employees, were the least likely to have an HR related function report to Finance.

## MEASURING HR

“We’re a very small organization, with only 45 people. The HR function reports under my umbrella. How I have structured the work is to separate payroll/benefits from the more strategic and HR generalist role. If all of a sudden we tripled in size, would I see human resources moving to a different reporting relationship? Absolutely not. I find having the HR function within Finance outstanding – it enables the understanding the year’s business plan and translating staffing plans, and strategies.”

**Catherine Fels-Smith – CFO & COO Toronto Region Board of Trade**

“We are a medium-size organization. We have HR and payroll functions handled on a part-time basis. In the past, we concentrated more on payroll functions, since we were in the process of setting up the Ceridian System, which was new to us, learning different functions and capabilities of the system. This year, we set up targets for HR: Headcounts based on the financial forecasts, revenue per employee based on the targeted profit; labour utilization rates and others. We are reviewing actual results against the targets and digging to find the root cause and act accordingly. Labour cost is the biggest expense on our financial statements and therefore, we are paying a lot of attention to it.”

**Elena Lokchina – CFO, Architects Alliance**

“We split the HR function, where payroll administratively is run through Finance. . . We see the administrative functions moving towards Finance, and the strategic functions staying inside HR.”

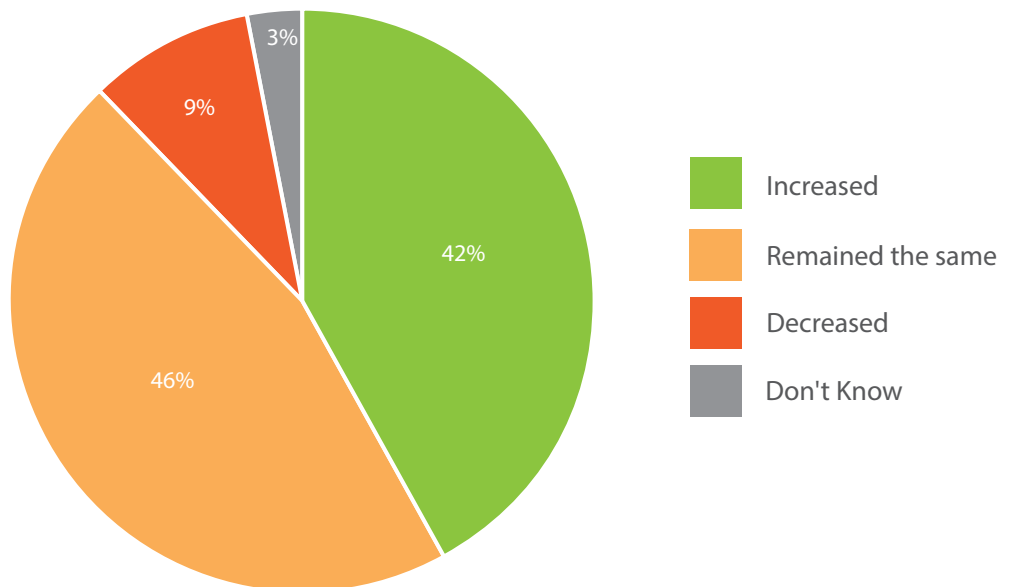
**Doug Johnson – VP, Internal Audit, Equity Financial Trust**

## A CHANGE IN FINANCE/HR INTERACTION AND RESPONSIBILITIES?

While as of today, almost 70% of Canadian organizations have at least one HR-related functional area reporting to Finance, of interest is what's happened over the last five years and perhaps more importantly, what senior finance executives believe to be the future oversight and responsibility of HR functional areas in the next five years.

CHART 2: In the last 5 years, with regards to HR functional areas, has the finance department's level of oversight and responsibility changed?

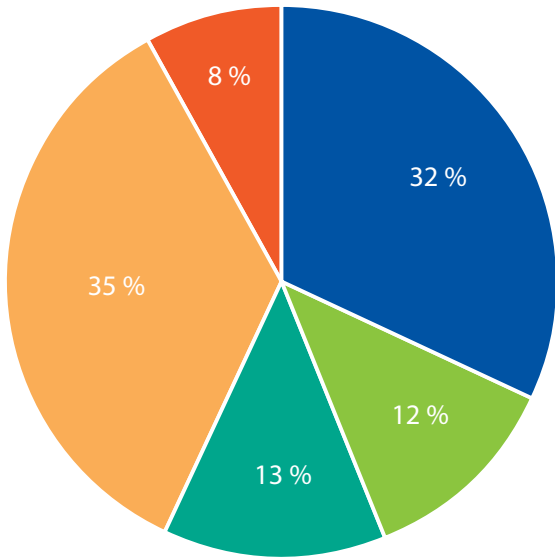
ALL RESPONDENTS



# MEASURING HR

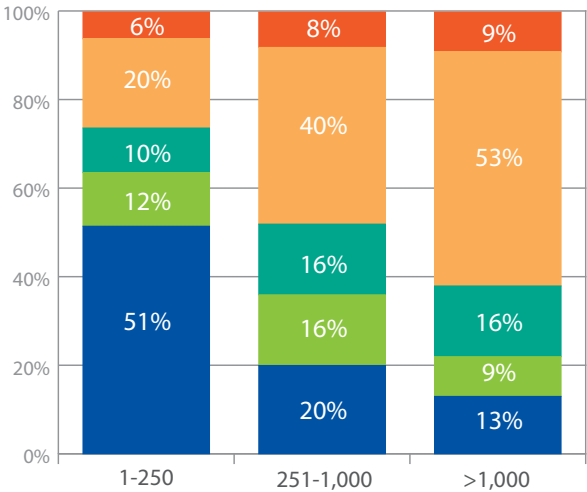
CHART 3: In the next 5 years with regards to HR functional areas, do you believe the finance department’s level of oversight and responsibility will change?

ALL RESPONDENTS

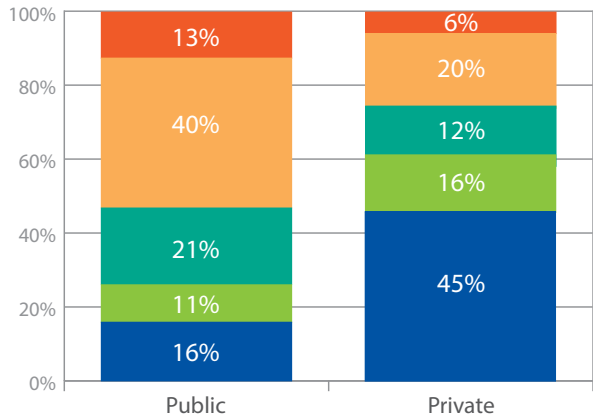


- HR already reports to Finance
- Finance's role will directly increase
- Finance's role will indirectly increase
- No change
- Role will decrease

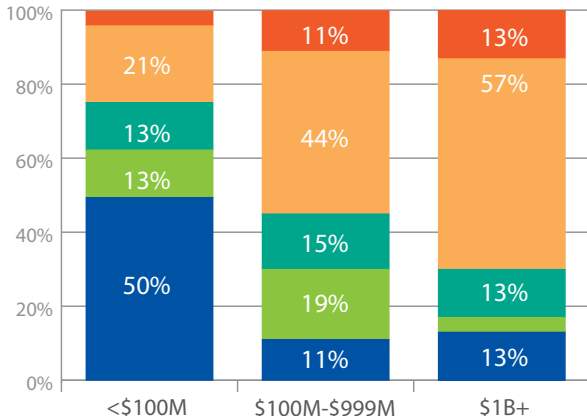
BY NUMBER OF EMPLOYEES



BY CORPORATE STRUCTURE



BY ANNUAL REVENUE



Over the last five years, less than half of the respondents (46%) stated there had been no change, 42% of respondents stated that Finance's level of oversight and responsibility had increased with that trend appearing to be continue – 25% of respondents expect Finance's role to increase either directly or indirectly. Approximately one-third of respondents (32%) indicated that HR already reported to Finance, so no further change would occur. And 35% of respondents stated there would be no change to the existing reporting structure.

Responses varied by corporate structure, with publicly traded companies most likely to report no change to the existing reporting structure (40%) and only 16% of respondents reporting HR already reports to Finance. About half of the respondents from small companies, defined either by those with revenues under \$100M or with 1-250 employees, stated that HR already reported to Finance and no change in reporting structure was expected. This group was also the least likely to have Finance's role decrease with respect to HR.

## MEASURING HR

“I think the evolution of HR is following the evolution of Finance, in that HR is now starting to create metrics, analyze those metrics and then understand where it will take the organization. Operations are now starting to work more collaboratively with Finance and HR. As a result, we're getting smarter.”

**Ralph Berzins— former VP, Finance, Grand & Toy**

“I think it's evolving to where Finance is more of a business partner to help HR where they have issues. But in terms of measuring utilization of staff, we've actually had to push HR, always asking for a workforce planning tool. It is a key thing for us, but HR keeps deferring this investment even though our people are the most valuable assets we have. Given that much of our work is project driven it would provide us with very powerful insights on where we have resource challenges or surpluses.”

**Senior Financial Executive**

“We have run employee engagement surveys a few times and from that created plans for different departments. HR personnel also went out into the field. They said, 'we want to peel back the layers of the onion of those answers'. HR was out there trying to get some more information behind the survey, so that then we could create plans going forward.”

**Gil Darnley – Senior Project Manager,  
Ontario College of Trades**



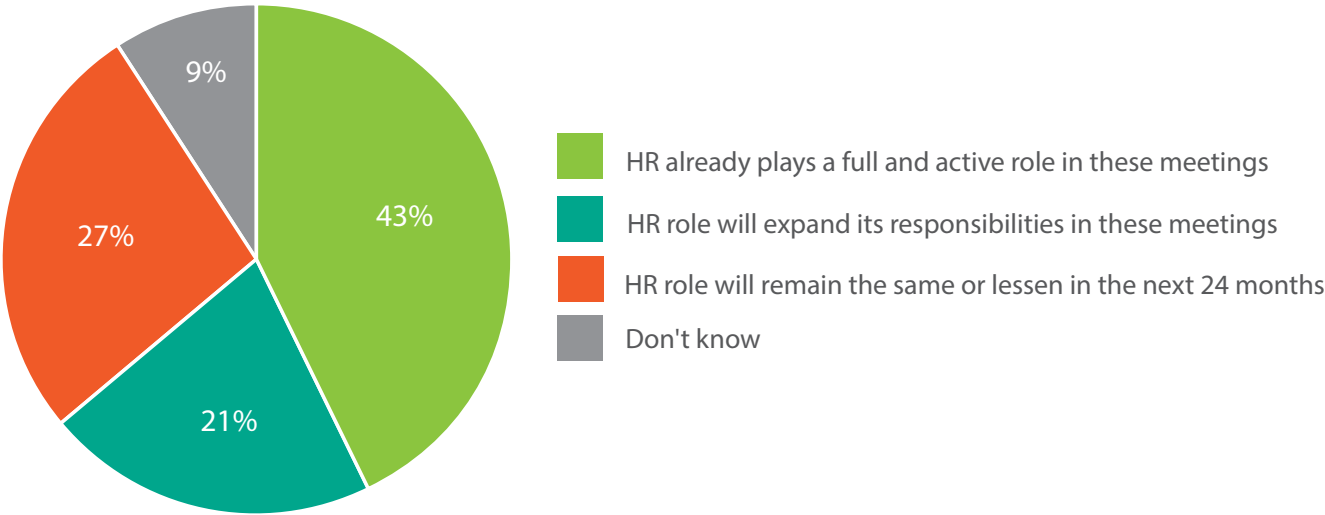
## BOARD OF DIRECTORS' MEETINGS AND HR'S ROLES AND RESPONSIBILITIES

With respect to senior HR's roles and responsibilities at board meetings (and if none, then executive meetings), almost half of all respondents (43%) stated that HR already played a full and active role at these meetings and a further 21% felt that HR's role would be expanding. Slightly more than one-quarter of the respondents felt that HR's role would remain the same or lessen in the next 24 months. The majority of large companies, defined as companies with either \$1B in revenue or more, or more than 1,000 employees indicated that HR already played a full and active role at these meetings. At the other end of the spectrum, almost 40% small companies (defined as either revenues under \$100M or 1-250 employees) stated that the HR role would either remain the same or lessen in the next 24 months.

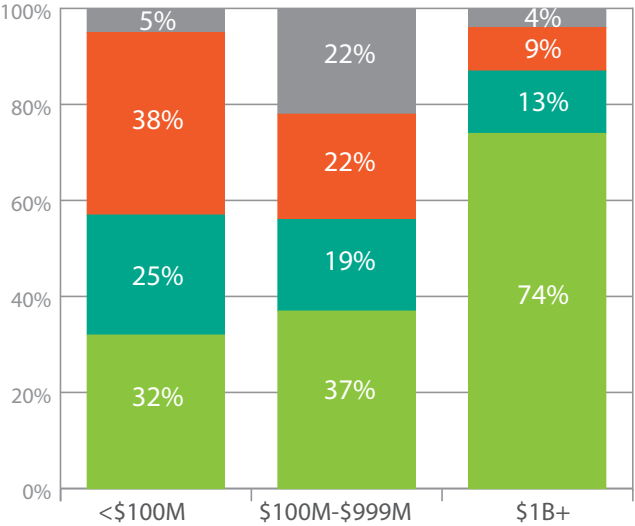
Company size and circumstance remain determinant in survey responses. As a senior financial executive survey participant explained, "As a small organization of 90 staff, HR was directly reporting to the CEO. All of the HR operations – payroll and benefits, hiring, training, firing, etc. were all under the CEO. During the past four to five years, the HR strategic plan – including values and ethics, succession planning, employee engagement – and the HR operations have been moved to Finance and corporate services."

# MEASURING HR

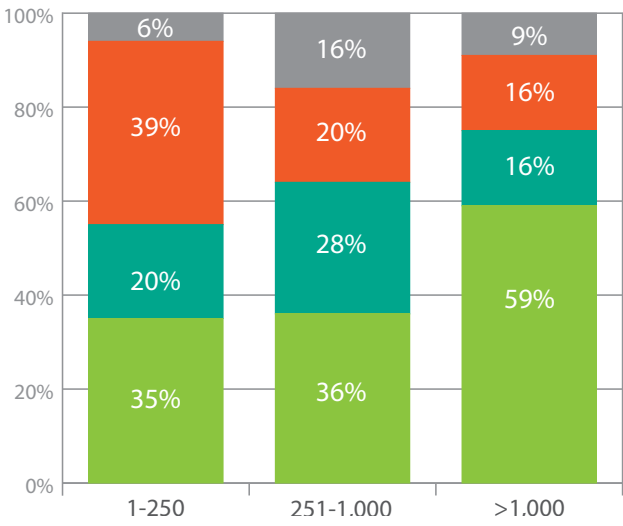
CHART 4: With respect to board meetings (if you do not have board meetings, then executive meetings) at your organization, do you foresee HR's roles and responsibilities changing at these meetings within the next 24 months?



BY ANNUAL REVENUE



BY NUMBER OF EMPLOYEES



## FINANCE'S USE OF HR ANALYTICS

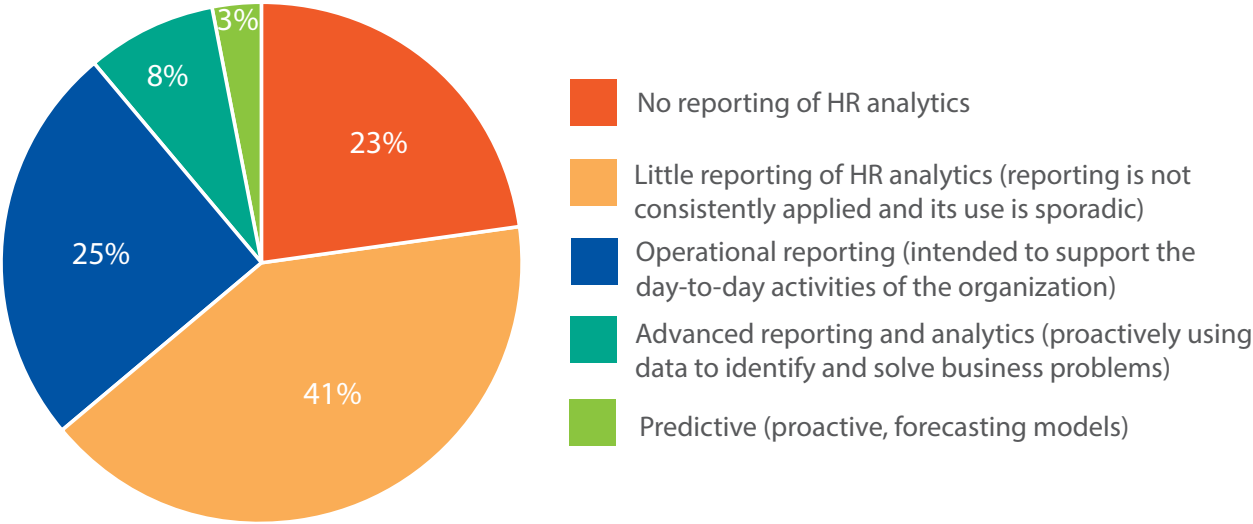
HR analytics is defined as the application of sophisticated data mining and business analytics techniques to HR data. From public to private companies and other organizations, applying analytics beyond its use as a comparative to competitors was a concern. 64% of the 107 survey respondents said they either did not use HR analytics, or its use was sporadic. Its quantifiable value was in question, with the roundtable participants expressing concerns as to whether many analytic metrics offered any real help in paring down to bottom line information that would forward their companies strategic planning to greater productivity and profitability. Again, the concept of trying to extract hard data from human “capital” – not just productivity, profit and the last word on the general ledger, but employee satisfaction was seen as a challenge by many respondents. Roundtable participants did offer some interest in exploring “predictive” elements of HR analytics. Interestingly, only 3% of those surveyed used predictive/proactive modeling from HR analytics. As one senior financial executive commented during a roundtable discussion on the topic: “I think everyone gets excited once they have a report in front of them ... and then it just gets buried underneath another report.” It’s not enough to just have the data, it needs to be reviewed and analyzed and most importantly, acted upon.

“The use of HR analytics has been increasing over the past years, exhibiting a lot of interest, but perceived as costly, due to the many metrics available. With no standardized definition for all indicators available...the benefit was doubted.”

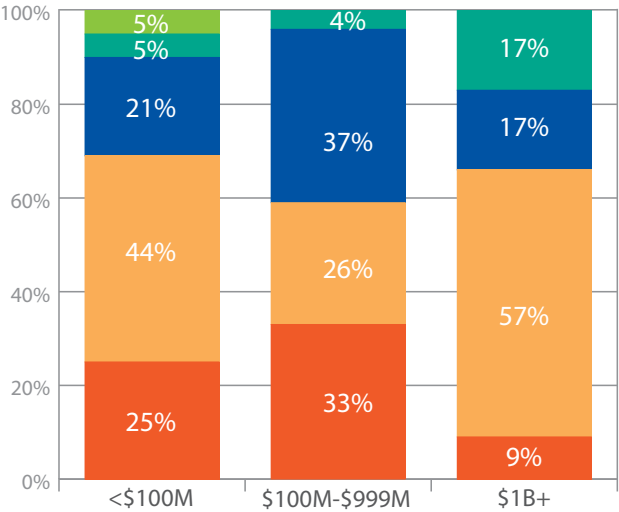
**Markus Weiss – Director, Financial Control & Shared Services  
North America, Rheinmetall Group**

# MEASURING HR

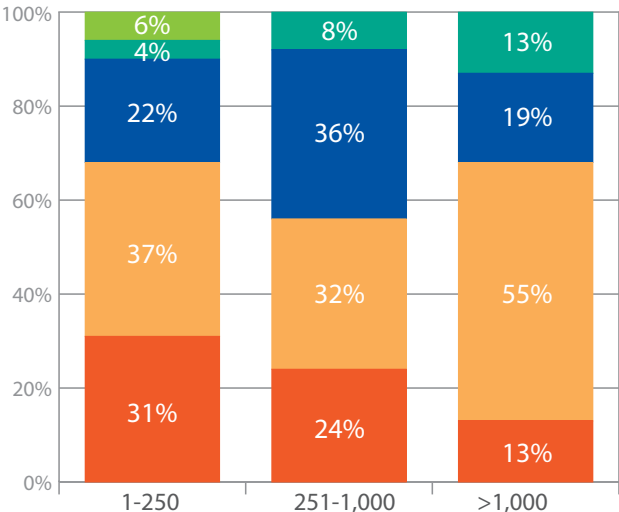
CHART 5.1: Organization's use of HR analytics



BY ANNUAL REVENUE



BY NUMBER OF EMPLOYEES



Others who used HR analytics relied on refining their own processes over the last 24 months. Some 39% used internal resources to develop their analytic landscape. They did not describe what metrics, definitions, measurements were used, nor how they measured their results.

When asked what areas of HR analytics they would want explored, some areas of interest varied depending on whether an HR function reported into Finance or not. Overall, approximately 1/3 of all respondents indicated an interest in tactically setting up and delivering dashboards/scorecards. For those respondents that did not have HR reporting to them, 55% of them stated that they wanted to evaluate and refine the current HR metrics and tools. For those that did have HR reporting to them, 40% of these respondents were interested in consulting on initial definitions and measurements (what to measure and how frequently) and 30% were interested in evaluating and refining current HR metrics and tools.

# MEASURING HR

CHART 6: If your organization were to purchase HR analytics consulting services, in which area(s) would you focus?

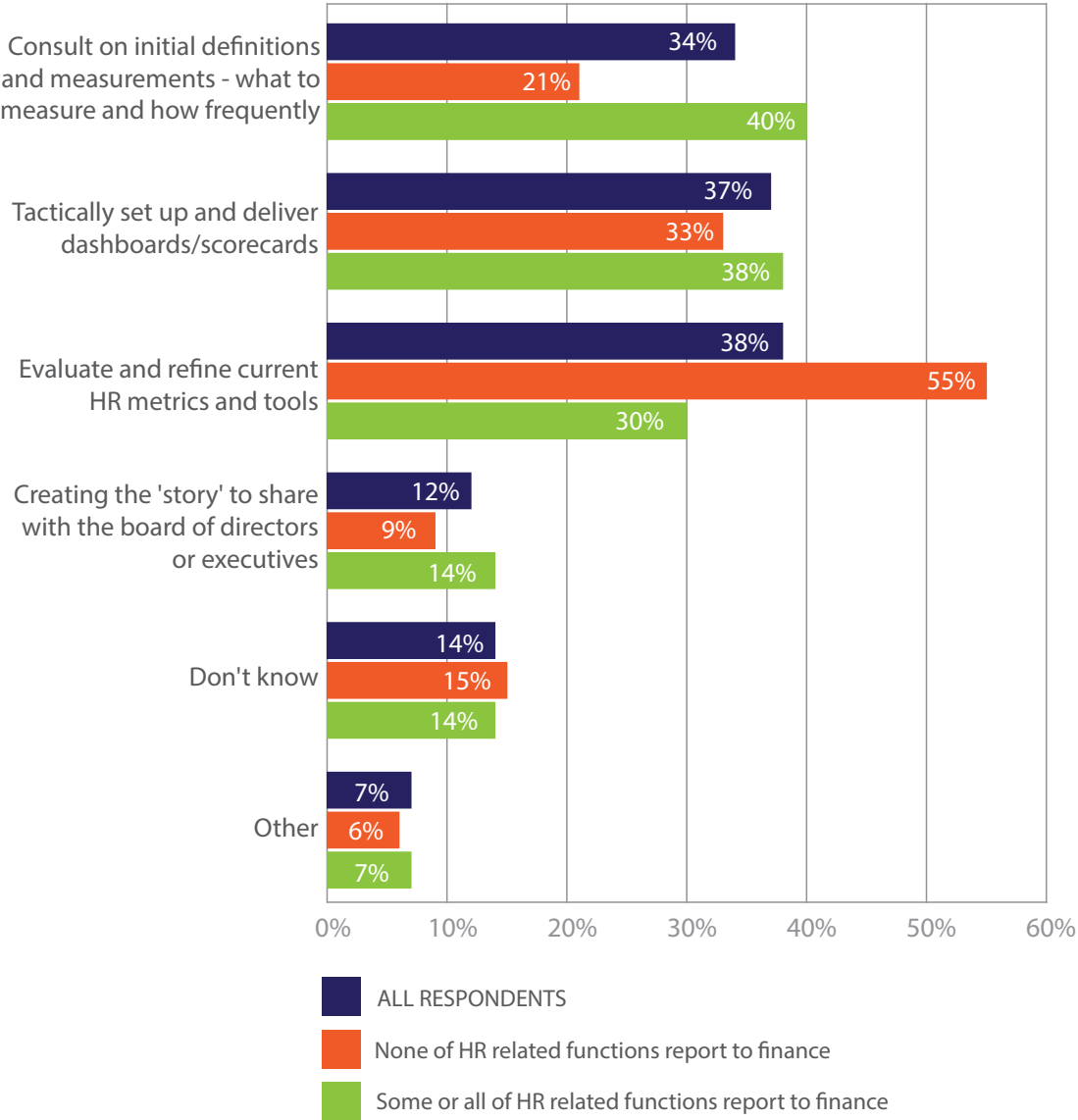
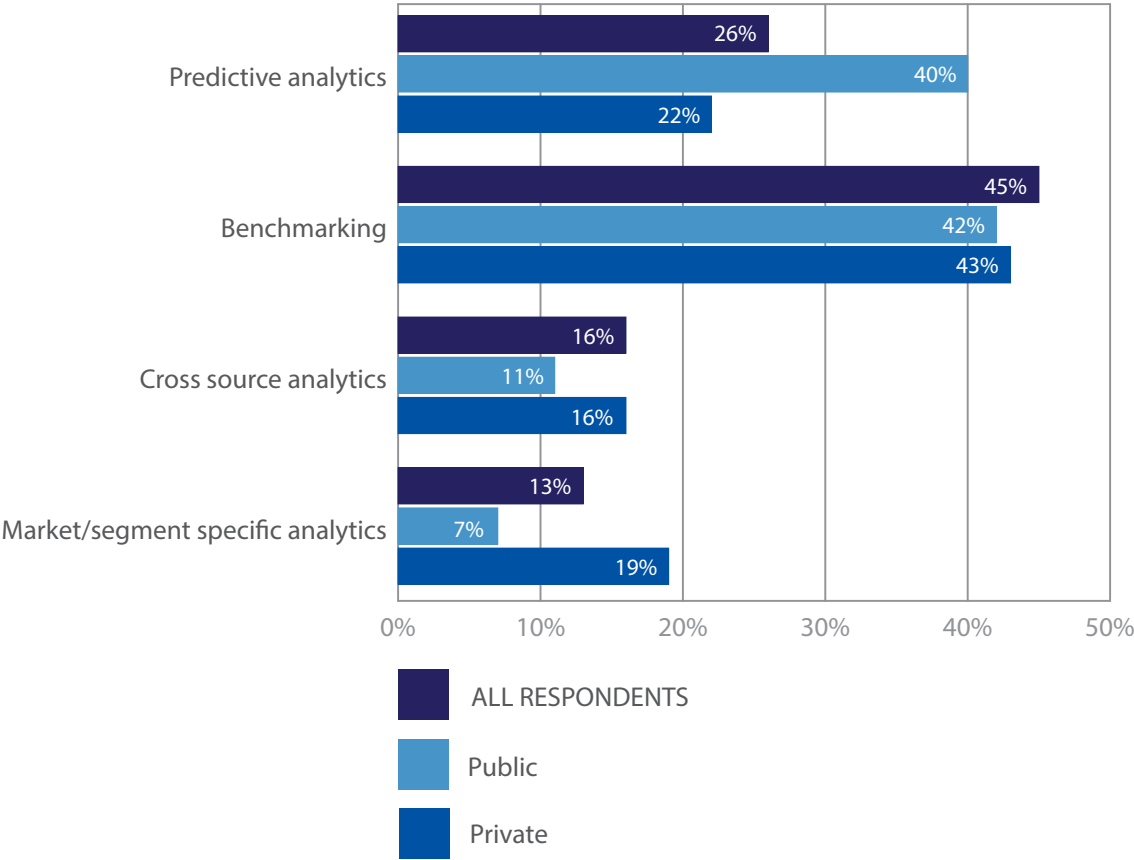


CHART 7: Ranked first to help company manage its business



## MEASURING HR

By a wide margin, the survey revealed that respondents looking to better manage their businesses and to effectively compete in the future were far more comfortable (or familiar) with benchmarking – comparing human capital management to industry standards and how they performed when compared to their competition. Interestingly, market/segment-specific analytics was of the least interest overall to respondents but preferred by privately held companies.

“We all love to hear benchmarking results and how we’re doing against others. The problem is that you can get into unending debates about the comparability of your organization against the data of some benchmark, and the concerns are often valid. Your organization is different in some way, whether it’s scale that’s not comparable and causing you to have a diseconomy on a cost metric or your business model’s a little bit different. Benchmarking is useful, but not everyone completely believes the numbers are applicable to us, and it’s hard to get over that. Not impossible, but it’s hard. You have to convince people that it’s evidence, not proof, and has value as such.”

**Ralph Berzins – former VP, Finance, Grand & Toy**

“Compensation is benchmarked annually, position by position, in order to be knowledgeable about the market and to offer competitive salaries (within budget).”

**Markus Weiss – Director Financial Control & Shared Services North America, Rheinmetall Group**



Again, looking ahead to what best to choose from in the HR analytics toolbox, a number of roundtable participants expressed an interest in predictive analytics. The logic of the conversation was that predictive analytics were key to and inextricably tied to effective benchmarking.

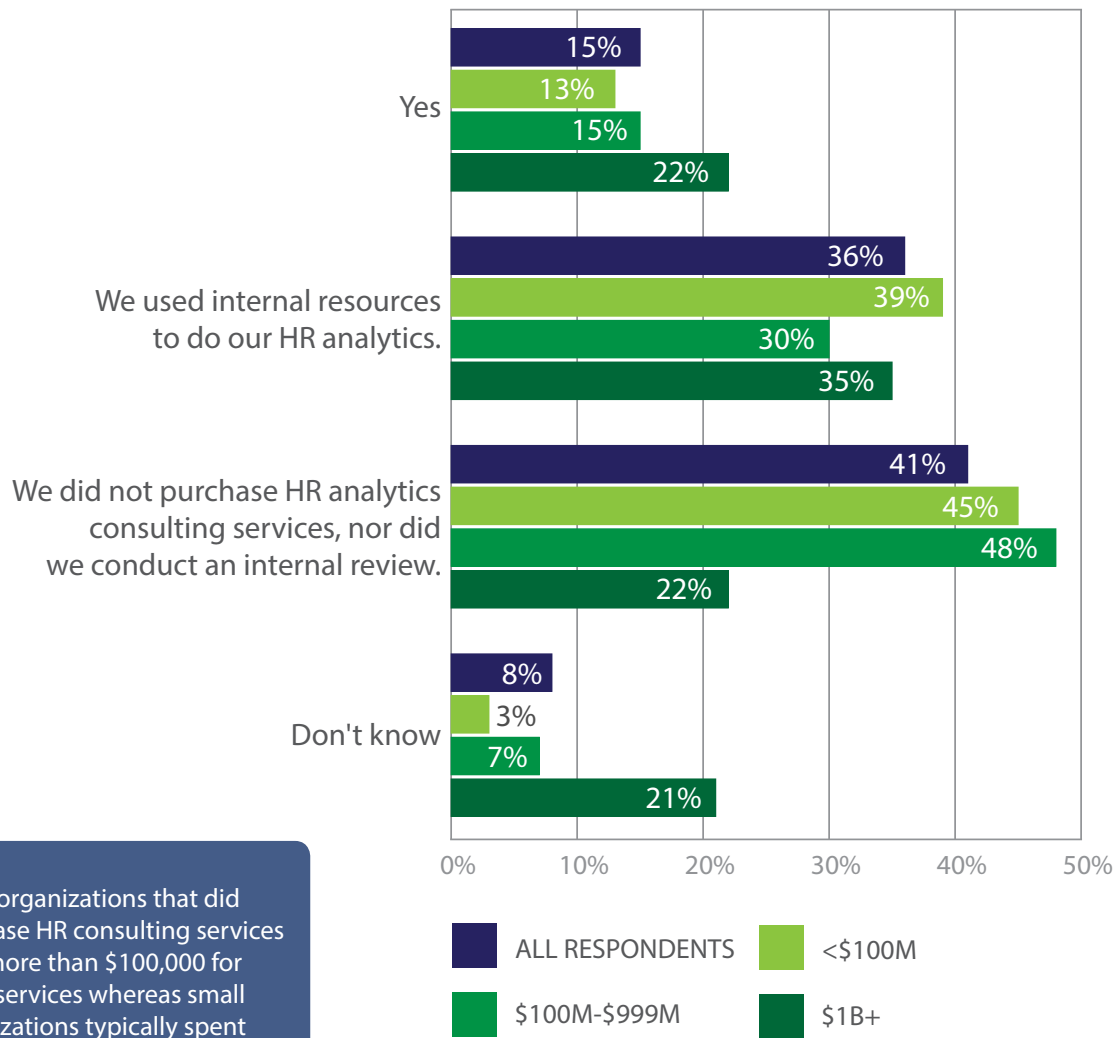
“I would pick predictive analytics because it’s forward-looking and I can do something about it. In fact, this was one of the conversations we had as an executive team about talent as we looked at partners (employees) across the organization on supporting future growth; what number of partners do you need and what type of talent? After mapping this to what we have today, what’s the gap? Can we develop internally, or do we have to go externally? And are there any areas where it is a lot more specialized and harder to obtain that kind of talent? Or even in certain geographies - like Alberta, where it is more challenging to get labour, how do we solve that market? So having predictive analytics and insights will help us start thinking through the solution now and to deploy sooner.”

**Jennifer Fong – former VP, Finance, Starbucks Canada**

“For us right now, there are 32 local societies in Ontario, each of them being a separate legal entity, so they’re all crying for information. My role? I’m looking for benchmarking data and I’m looking for market data along with that to try to really look at where we are, and how we align across the board. So for me, it’s really trying to look at that holistic [space] and organizationally: what do we need to look like and what do we want to look like, and how do we line up against other not-for-profits, other charities within the segment, and also frankly within ourselves? I’m looking at both.”

**Sandra Montague – Chief Financial and Administrative Officer, Alzheimer Society of Ontario**

CHART 8: In the past 24 months, has your company paid for external/outside HR analytics consulting services?

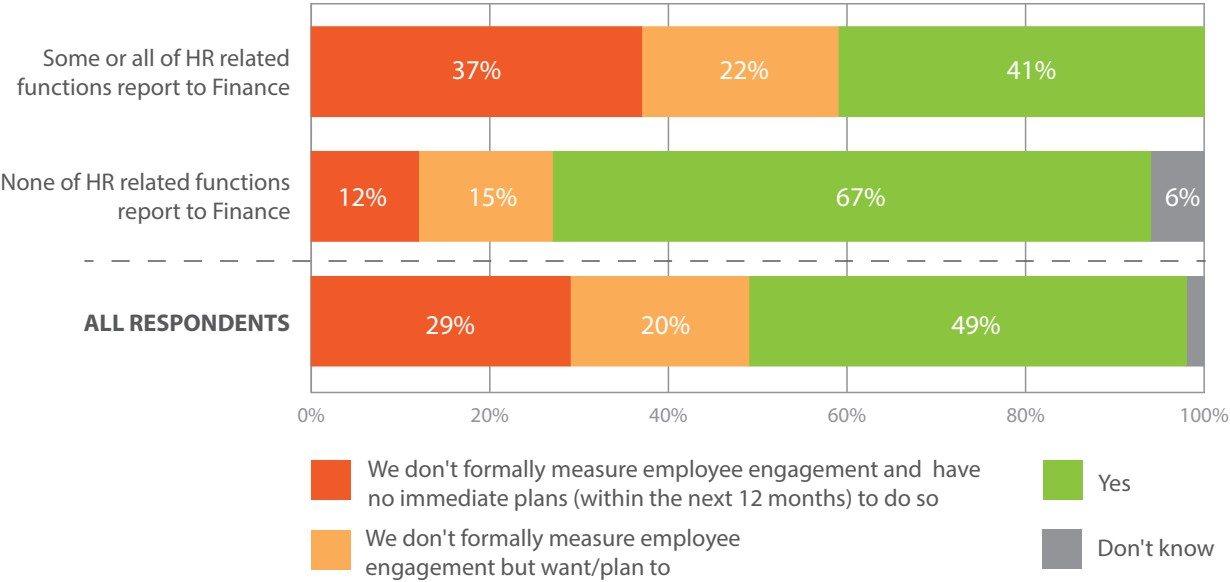


Large organizations that did purchase HR consulting services paid more than \$100,000 for these services whereas small organizations typically spent between \$10,000-\$50,000.

MEASURING EMPLOYEE ENGAGEMENT

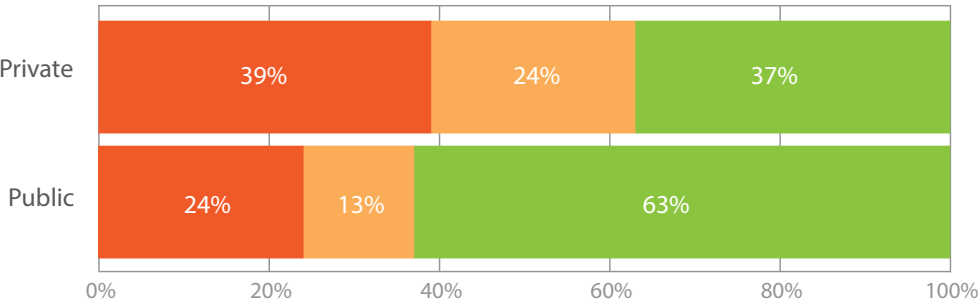
No matter the value of HR analytics, companies certainly see the hiring of the right people at the right time, and the retention of those who are most valued, as critical to their success. People truly are a company’s most valuable asset. Almost 70% of respondents either formally use employee engagement tools or plan to do so. Large companies of 1,000 or more employees measure employee engagement formally (78%), compared to small companies of 250 employees or less (29%). 63% of public companies reported measuring employee engagement, compared to 37% of private companies.

CHART 9: Does your organization measure employee engagement formally?

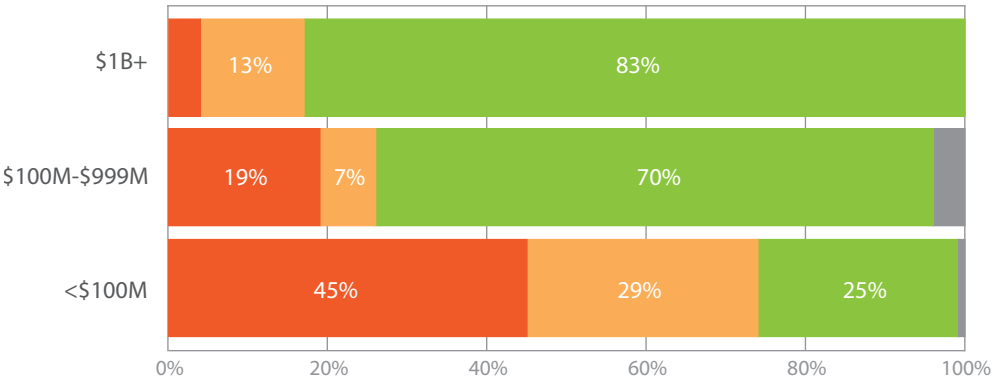


# MEASURING HR

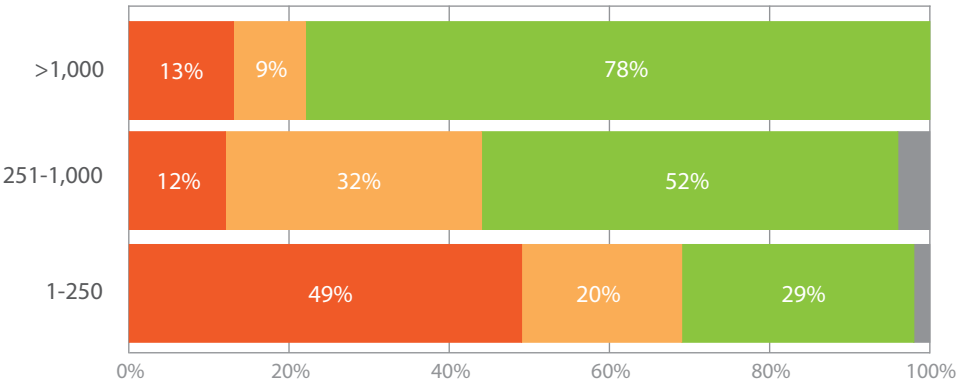
## BY CORPORATE STRUCTURE



## BY ANNUAL REVENUE

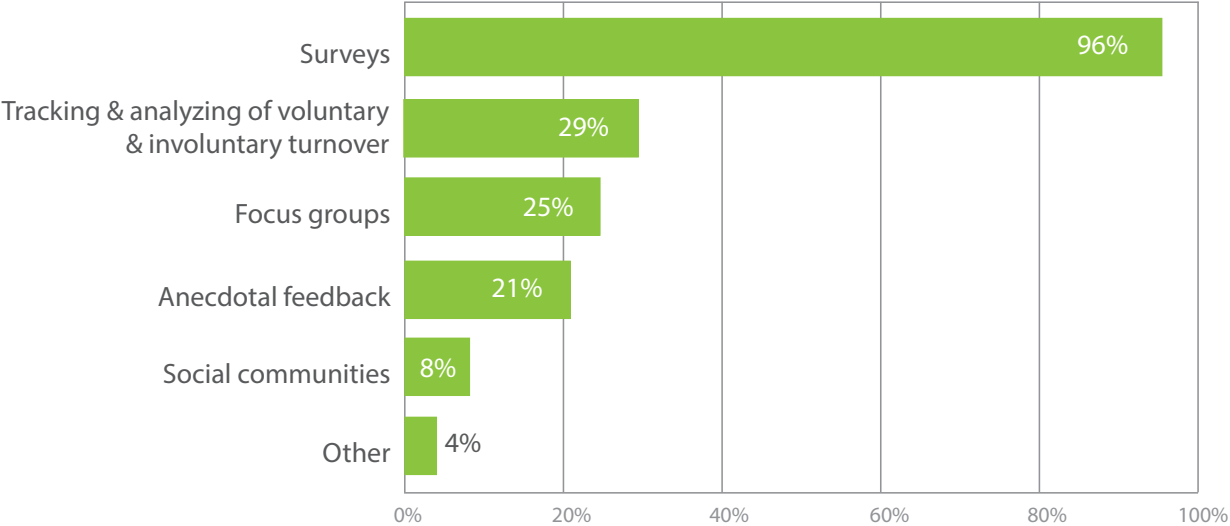


## BY NUMBER OF EMPLOYEES

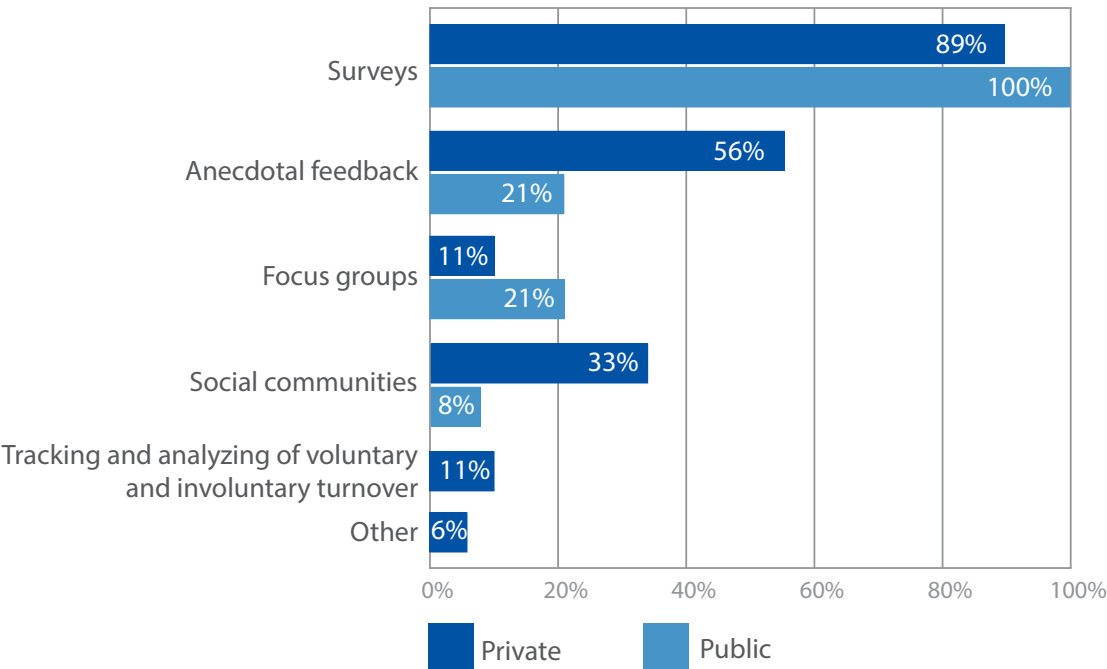


- We don't formally measure employee engagement and have no immediate plans (within the next 12 months) to do so
- Yes
- We don't formally measure employee engagement but want/plan to
- Don't know

CHART 10: How is employee engagement formally measured in your organization?

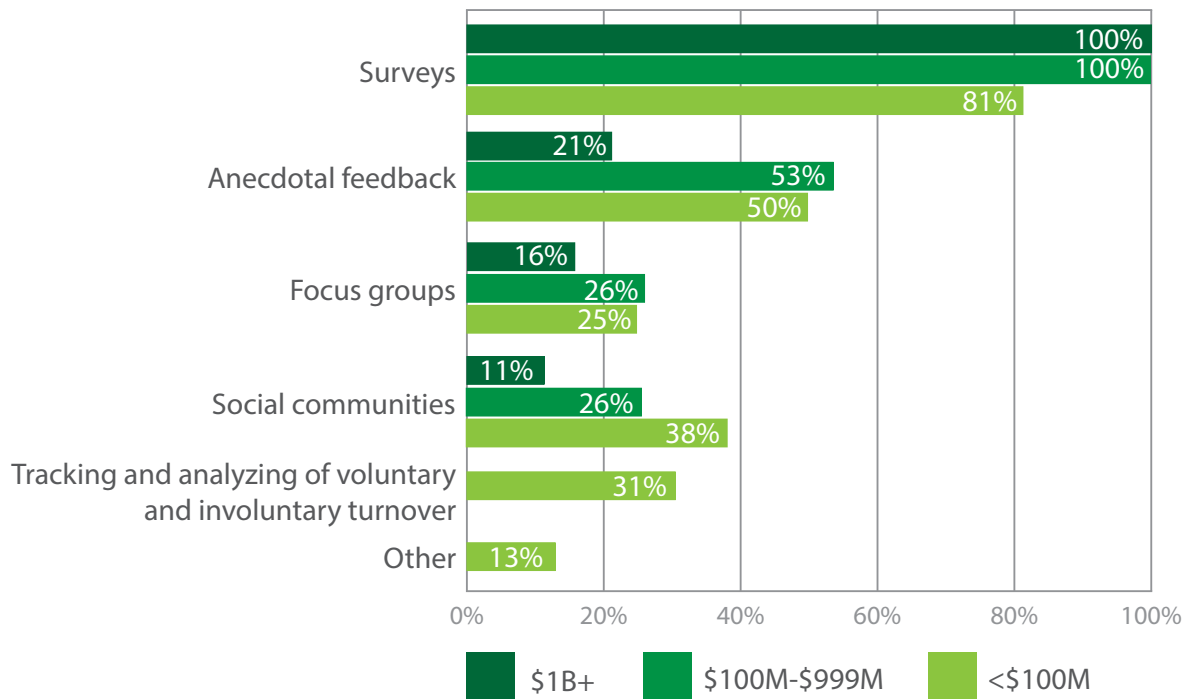


BY CORPORATE STRUCTURE



MEASURING HR

BY ANNUAL REVENUE



Employee engagement is overwhelmingly measured via surveys with the type and size of company determining the degree of survey use. 100% of public companies employ surveys, compared to 89% for private companies. Large companies in the \$1B+ range also all used surveys. And well over 80% of surveyed companies base their action plans on this form of employee input.

“I just find bright people figure out a way to get engaged. So if someone's disengaged, chances are they're going to be disengaged no matter what. So we just get rid of them, because we just spend so much energy, computation, analysis, to solve a disengaged employee when we could have just eliminated the employee and get an engaged employee. Even with the ramp up and training and all that stuff, that engaged employee energy will translate into a lever of fresh energy and others will act upon it as well.”

**Derek Petridis – CFO and Principal, Shikatani Lacroix Design**

“We went through a major restructuring last year, our turnover was significant. We rebuilt the management team from the board of directors, all the way down, including a new CEO. And as we built the company, we went through a major hiring. We were very careful to hire slow, and fire quick. We were careful to make sure each additional person hired fit our culture. And if we made a (hiring) mistake, we dealt with it quickly. If you let that bad apple stay, it drives out the good apples. You want to have good apples.”

**Doug Johnson – VP, Internal Audit, Equity Financial Trust**

“There are circumstances where it's good to work with people if you can catch them before they become totally bad apples to help turn them around, with training and other forms of engagement.”

**Catherine Barker-Hoyes – Former CEO & CFO, Brantford Hydro**

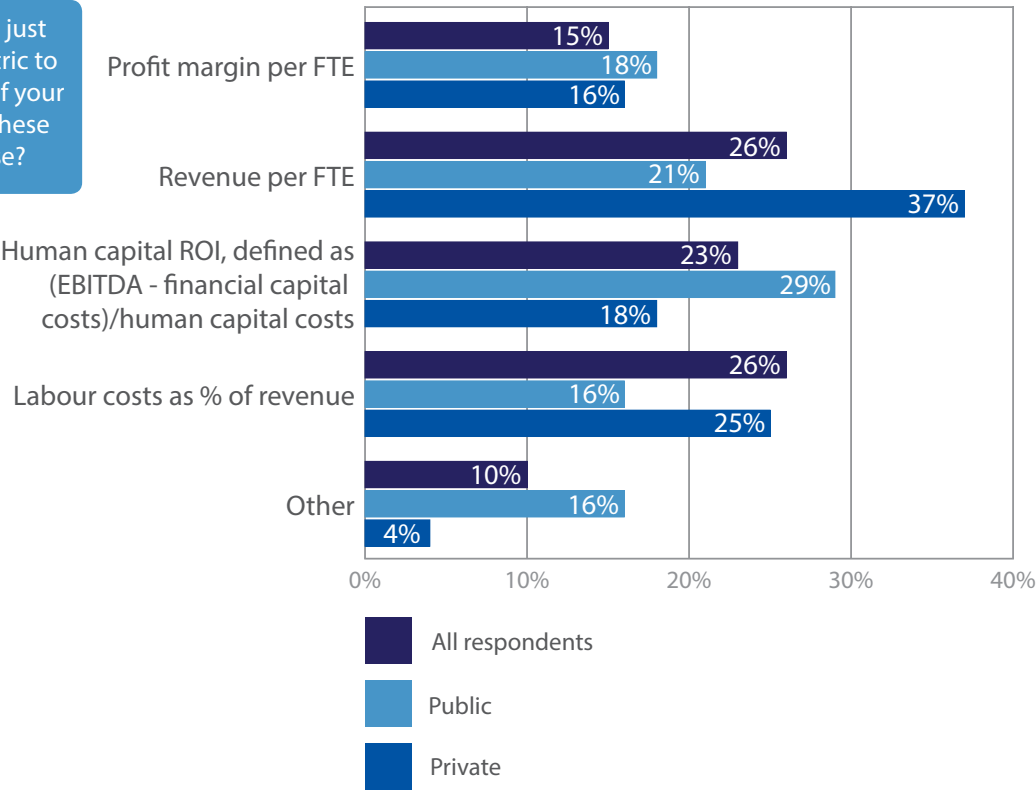
WISH LIST OF FINANCIAL METRICS FOR MEASURING WORKFORCE HEALTH

There was little wiggle room between senior financial executives’ desires for determining the best metric as they measured the status and value of their people. Measuring revenue per full time equivalent (FTE) (26%) was closely followed by human capital return on investment (23%). 26% preferred the measure of labour costs as a percentage of revenue.

A concise comment by one survey respondent clarified many companies interest in the revenue per FTE metric, “It’s more meaningful, more actionable.”

Revenue per FTE was the metric of choice for privately owned companies whereas human capital ROI was preferred by publicly traded companies. As one survey respondent said, “while FTE ratios may interesting...there can be a wide range in compensation between roles. Labour as a percentage of revenue will show a level of efficiency related to both changes in input costs and revenue streams.”

CHART 11: If you had just one finance type metric to measure the health of your workforce, which of these metrics would you use?





Having metrics in place is much like having a rear-view mirror, it helps you figure out where you are but that is only helpful if you use that information in driving the company forward.

“ We have metrics. We publish them. They get compared to the 15 other countries in which we operate internationally. And if we're at the top of the scale we go, 'Great work, look at those folks at the bottom!' But we don't do anything with the data, and that's where we're struggling or trying to figure out what do we do with it? We measure Revenue per FTE, and then people cost and potential cost, and then to revenue, but that doesn't tell us anything per se. And certainly, it doesn't get leveraged. Looking more strategically, 'where should that be?' other than if we're better or worse than say the U.K., which we're always comparing to, it doesn't give us any insight beyond that.”

**Bob Brabers – CFO Equifax Canada**

“ We look a lot at benchmarking. We also look at benchmarking against market. Salary compensation and benefits as a percent of revenue to make sure that we're in line. Real attrition, like turnover; basically not the one created by the company but people leaving to determine what are we doing wrong or what are we doing right.”

**Senior Financial Executive**

### TRUSTING DATA RECEIVED FROM HR IN MAKING BUSINESS DECISIONS

Only slightly more than one-third of survey respondents said they fully trusted the data received from their HR team in making business decisions. Another third stated they “somewhat” trusted the data. Respondents qualified their answers in this way: “Sometimes the data needs rework. HR people are not accountants, but they try their best.” Another survey respondent stated: “More and more pressure is being placed on the HR professional. Their financial acumen is being tested and expanded every day. There is a learning curve for most HR professionals within the financial arena.” Smaller and privately-held companies were more likely to fully trust the data received from their HR team than publicly traded or large (\$1B+) companies. Building financial acumen within the HR area would help build confidence and trust data received from the HR team.

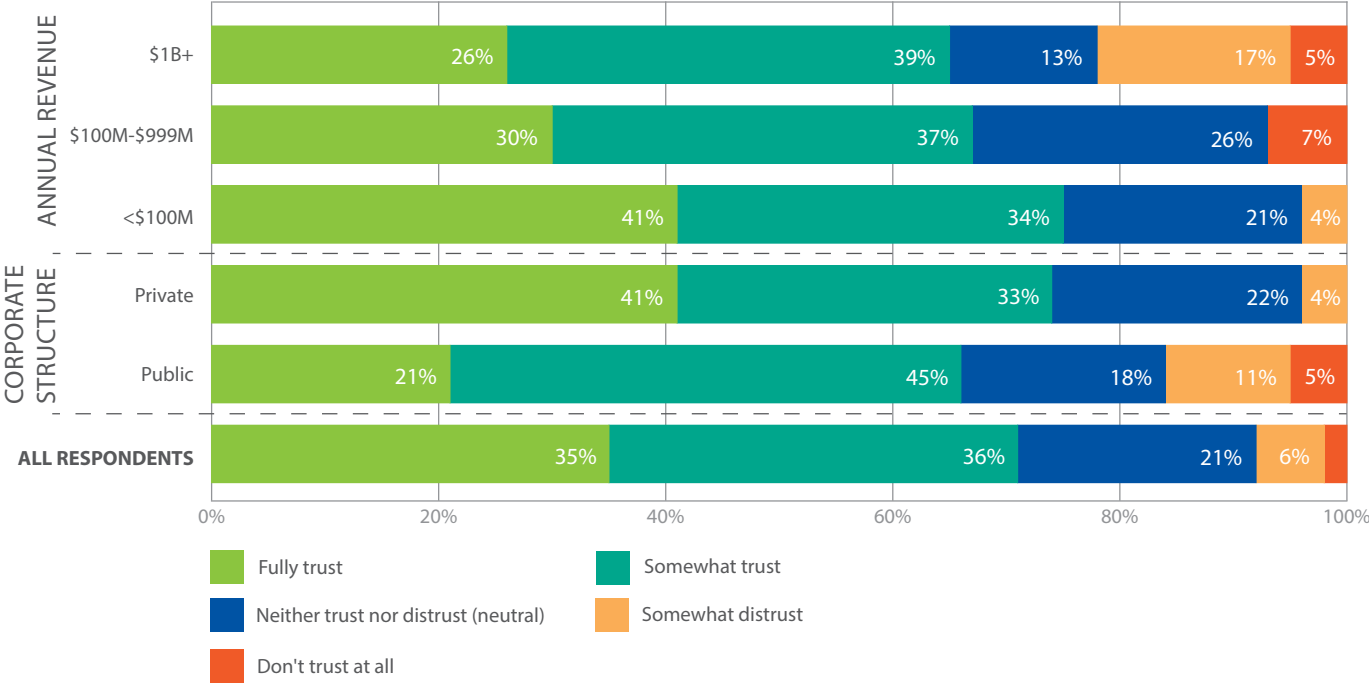
“HR is trying to track skill set information, but they’re not enforcing it and therefore it’s not very practical and efficient. In Finance, we have certain disciplines, controls and processes that you have to meet in order to get information. HR needs a bit more of that discipline to say, ‘We’re giving you this tool, so we need a process to ensure that everybody in the company inputs their résumé with their key skill sets, so if somebody is looking for a specific job skill we can look internally first before we go outside. This will also have an extremely positive impact on employee morale as we would be promoting from within, giving people an opportunity to get experience in different departments.’”

**Senior Financial Executive**

“My experience is that HR staff generally have basic Excel skills. And so my people have always had to help the HR folks with their spreadsheets. Once they’ve done that, I found the data can be much more reliable because HR folks are going to check it well and be diligent.”

**Senior Financial Executive**

CHART 12: To what extent do you trust the data you receive from your HR team in making business decisions?

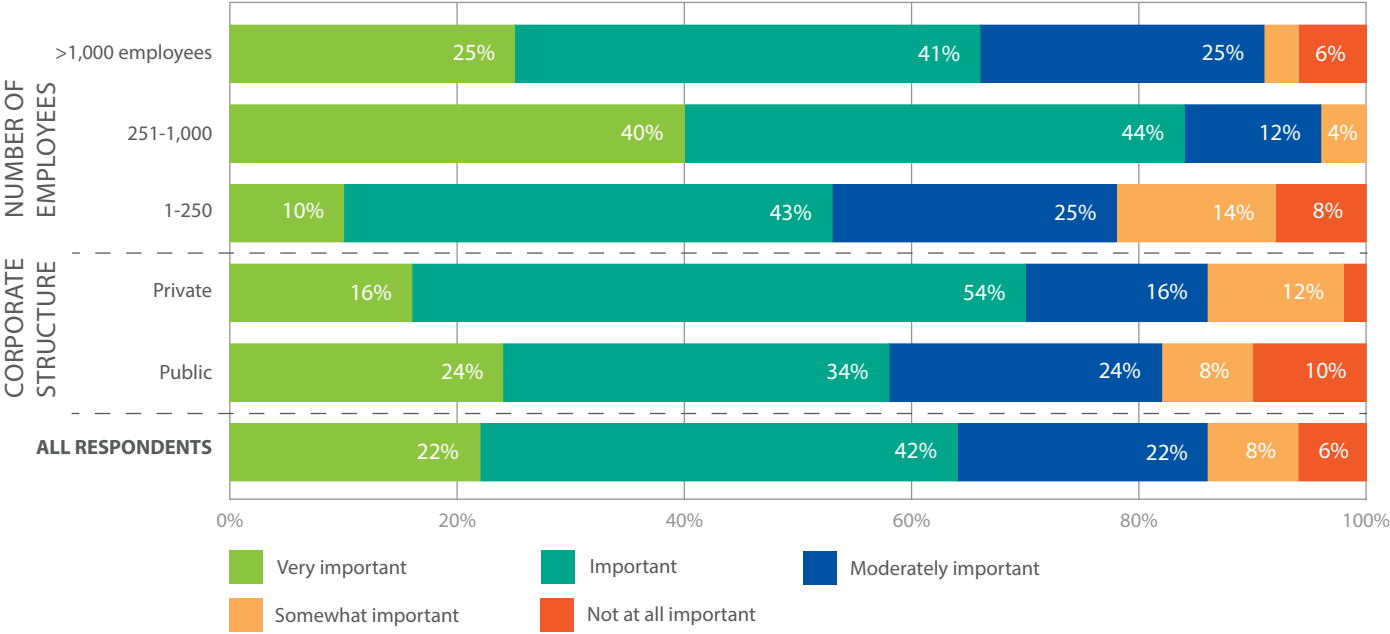


The ramifications of HR not having financial acumen can be significant as Bob Brabers, CFO, Equifax Canada stated, “Being part of a multinational company, HR doesn’t always take everything into account. We’ve tripped on a few tax issues where they didn’t even think about it. Especially in a shared services environment and Canadian tax, it’s not their (HR) expertise, but they didn’t think to recheck and say, ‘Is this a problem?’”

# THE IMPORTANCE OF VISUAL PRESENTATION OF HR ANALYTICS

Employee surveys, informal focus groups and the use of social media analytics can be key to extracting the most accurate information in the analytics process. This may be even more so for HR analytics. By its very nature, analytics presented by HR seeks to penetrate, expose, measure and explain as much personalized and private truths from its subjects with as little confusion as possible. Respondents were asked how important the visual appeal of HR analytics was to the process. 63% thought it was either important or very important primarily because it promoted far greater ease of interpretation of the results. According to two survey respondents, it seemed the focus is one of “transparency around the most important asset in the organization,” or “promotes an open communicative and hopefully positive overall corporate culture.”

CHART 13: In your opinion, how important is it to display visually appealing HR analytics?



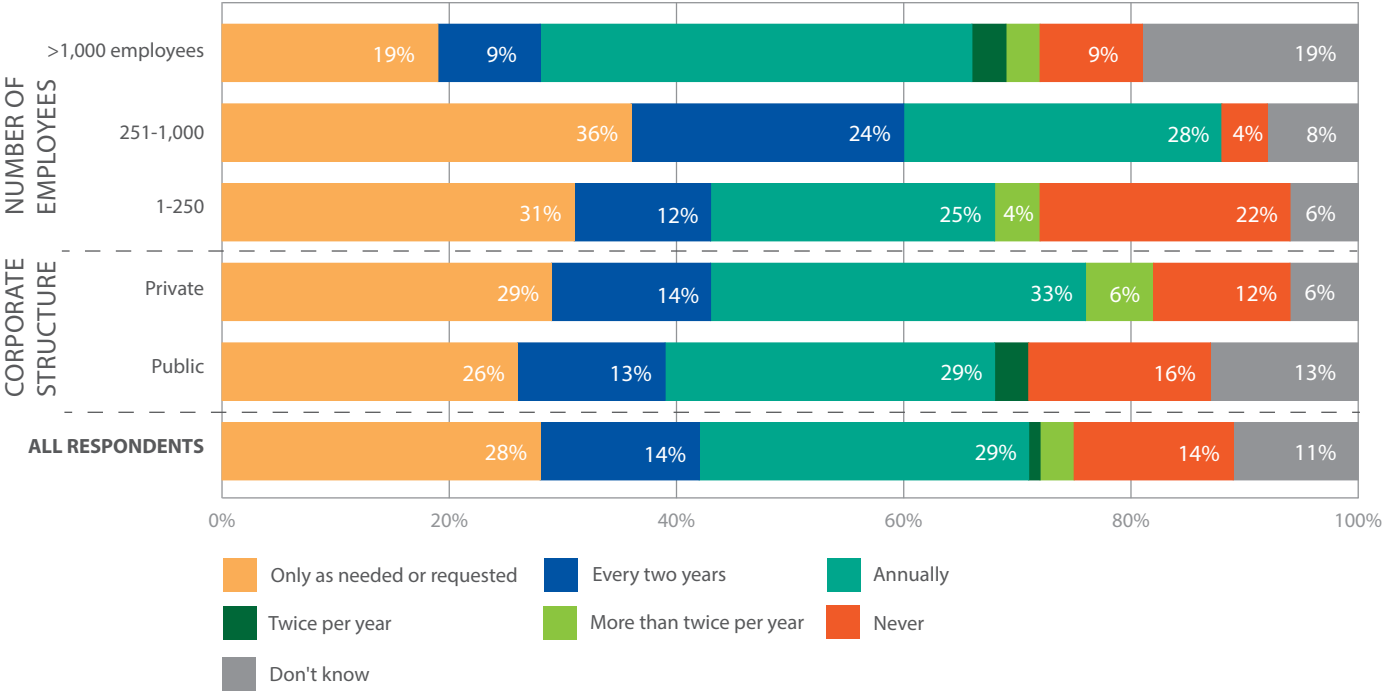
## BENCHMARKING COMPENSATION

A significant number of companies have used external sources to help benchmark compensation. For the most part, companies either do so as needed or requested (28%) or benchmark on an annual basis (29%). Surprisingly, 14% never benchmark compensation. The majority of compensation benchmarks analyzed only certain types of positions – with 63% benchmarking executive positions. Privately held and small organizations typically spent \$50,000 or less on benchmarking, whereas for publicly traded or large companies, most respondents did not know how much was spent and for those that did know, the spend on benchmarking was more than \$100,000.

“If your top talent are leaving you, it’s shame on management. Because if you are going through a tumultuous time, you should embrace your top talent and say, ‘Guys, we’re going through some tough times but we need your help’ – you give them some interesting projects, and you make sure that their needs are taken care of. You don’t leave them wondering what’s going to happen in all the uncertainty and speculation. That’s powerful leadership and management as that means you actually want to shepherd the ones you want to keep, because the top people are going to leave during times of restructurings and you don’t want them to leave.”

**Senior Financial Executive**

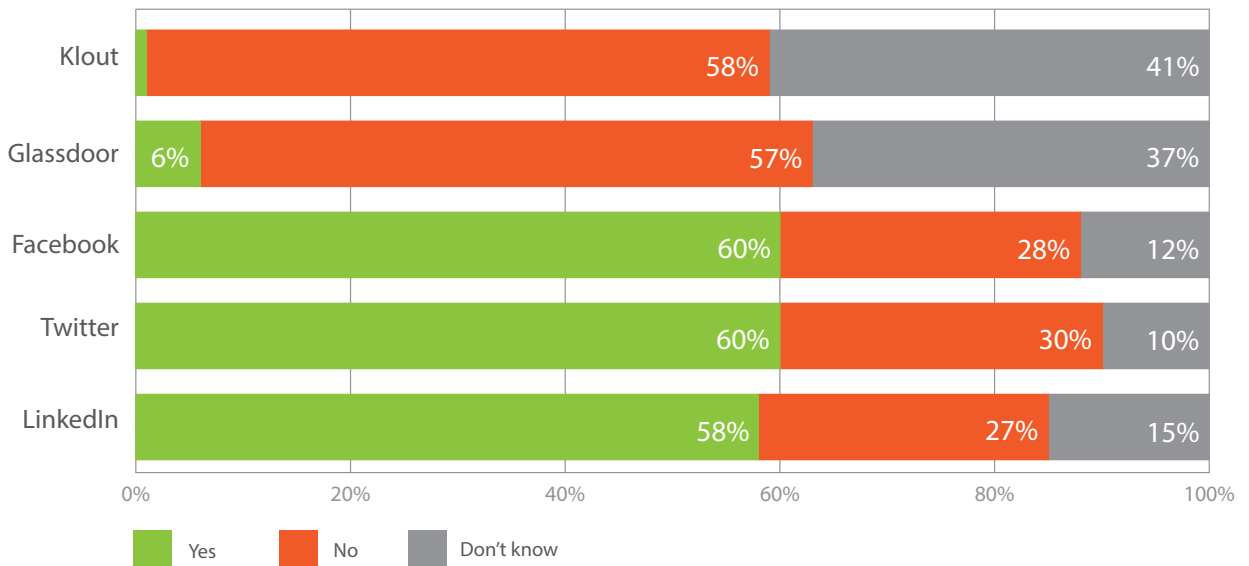
CHART 14: How often do you benchmark your organization's compensation to external data/organizations?



## SOCIAL MEDIA AND THE ORGANIZATION

As the use of social media has become pervasive, the lines between work and personal time have become blurred. Employees routinely answer email on weekends and after work. Employees will sometimes tweet or post a comment that may have either a positive or negative impact on the organization. Respondents indicated that three social media platforms in particular were monitored: LinkedIn, Twitter and Facebook.

CHART 15: Does your organization monitor its social presence via any of these resources?



### CONCLUSION

Senior financial executives recognize the extraordinary value of the HR function in their organizations. The challenge is how to best employ and deploy this resource, much in the way Finance and HR maximize productivity, profitability and the well-being of those they believe to be the most valued within their workforce. It is unclear to some how this challenge is to be dealt with effectively. For many, the answers lie in folding once autonomous HR units into other key departments within the company. Increased reporting to the CFO is a likely future movement for HR. There seems to be some reluctance to have all HR functions report to Finance. Despite Finance's full plate, it seems an inevitability that bottom line functions like payroll, benefits and pension-related issues will warrant further scrutiny by Canada's senior financial executives. This perspective was certainly shared by a majority of the CFERF roundtable participants.

While these most quantifiable and measurable aspects of HR – payroll (labour costs) and benefits – already remain firmly within the jurisdiction of finance departments, despite this anticipated increase in responsibility in these areas, a majority of senior financial executives who were respondents to an online survey did not regularly employ HR analytics as a solution for understanding and acting on a variety of factors relevant to the management of human capital. If they did so, the use of HR analytics was sporadic.

Thus, the survey shows that those in Finance remain somewhat unaware of the benefits of HR metrics. Senior finance executives are keen on learning more about the metrics used by HR and how best to leverage this knowledge. There also appears to be a need to increase the financial acumen of HR professionals. This would certainly lead to greater trust by Finance in the data being provided by HR.

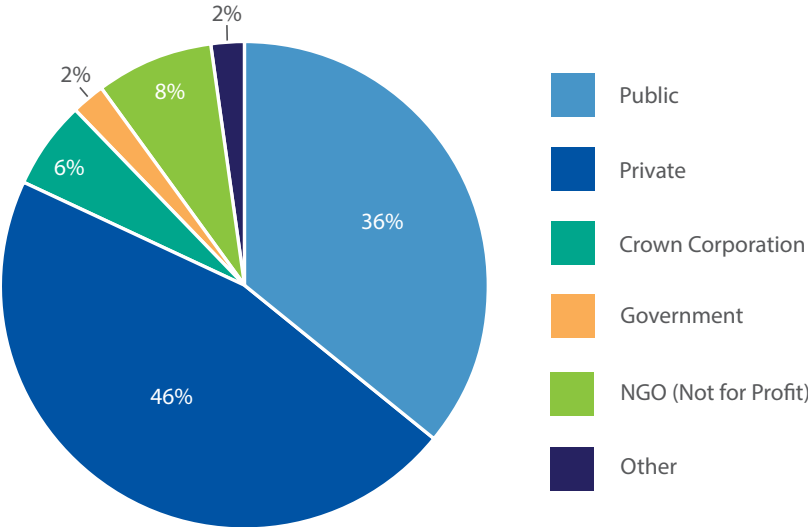
As the level of collaboration across all departments has increased significantly over the years, the importance of conveying and understanding financial information in a visually-appealing manner should not be overlooked. The effective execution of a project or strategy requires alignment but, before there is alignment, a basic understanding is required of the current state and desired end-state.

Maximizing the efficiency and effectiveness of both capital and labor is a key element in a company's long term success. HR analytics – from the most rudimentary competition-comparative data used over millennia to highly advanced analytics still in testing mode in the field – is one way of measuring this. All the roundtable participants use HR analytics in some form, albeit basic. Though, like the survey respondents, they are not entirely sure how best to use it, what further parameters to add to the very human process of "work" and, in many cases, whether one can effectively interpret hard and actionable data derived from human "capital".

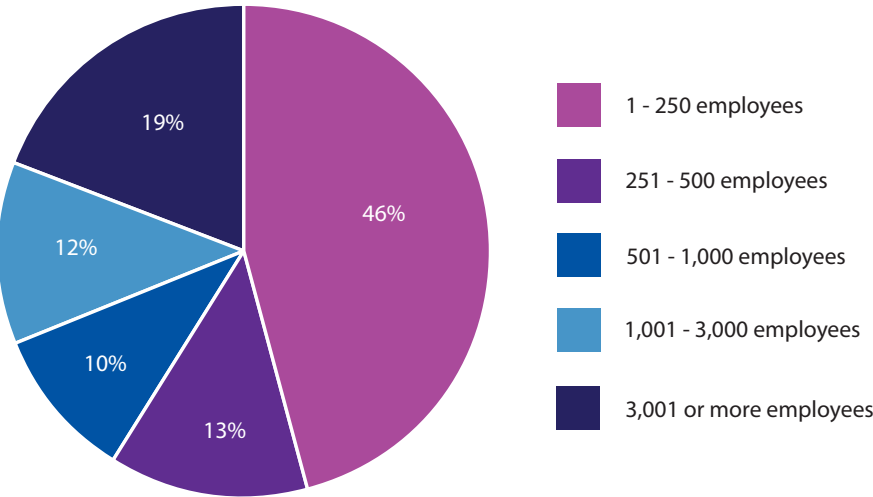


APPENDIX A – DEMOGRAPHICS

CORPORATE STRUCTURE

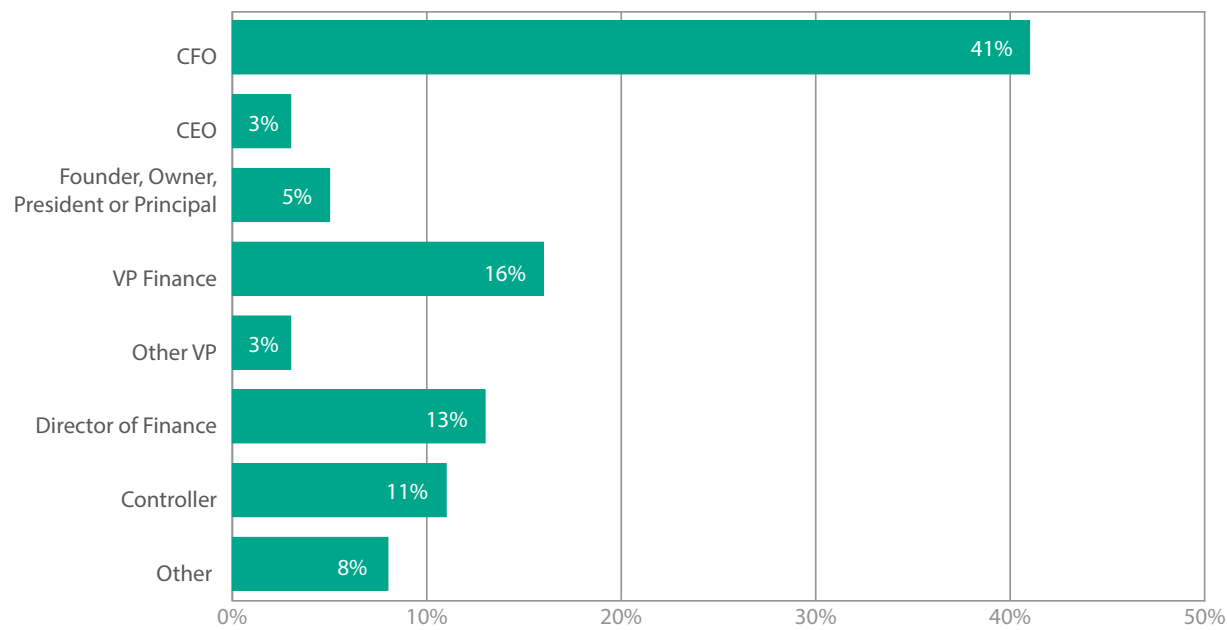


NUMBER OF EMPLOYEES

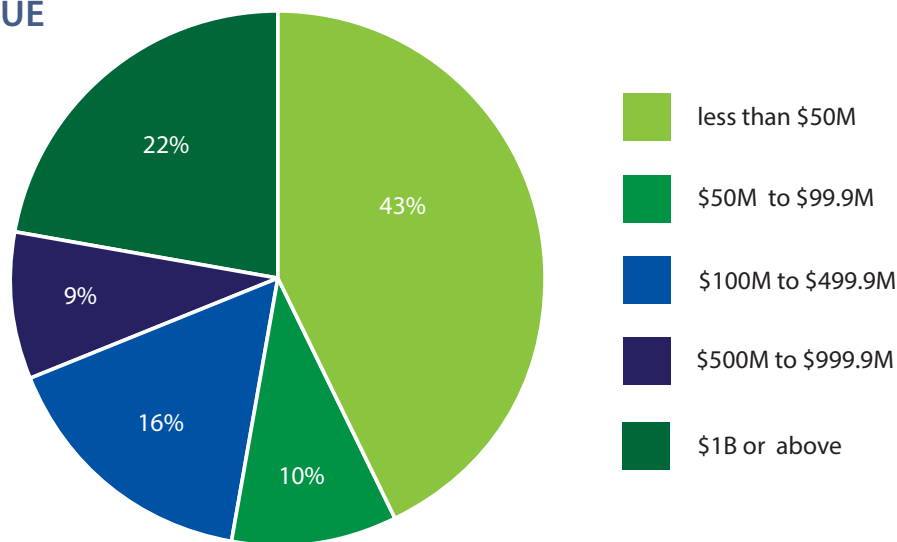


MEASURING HR

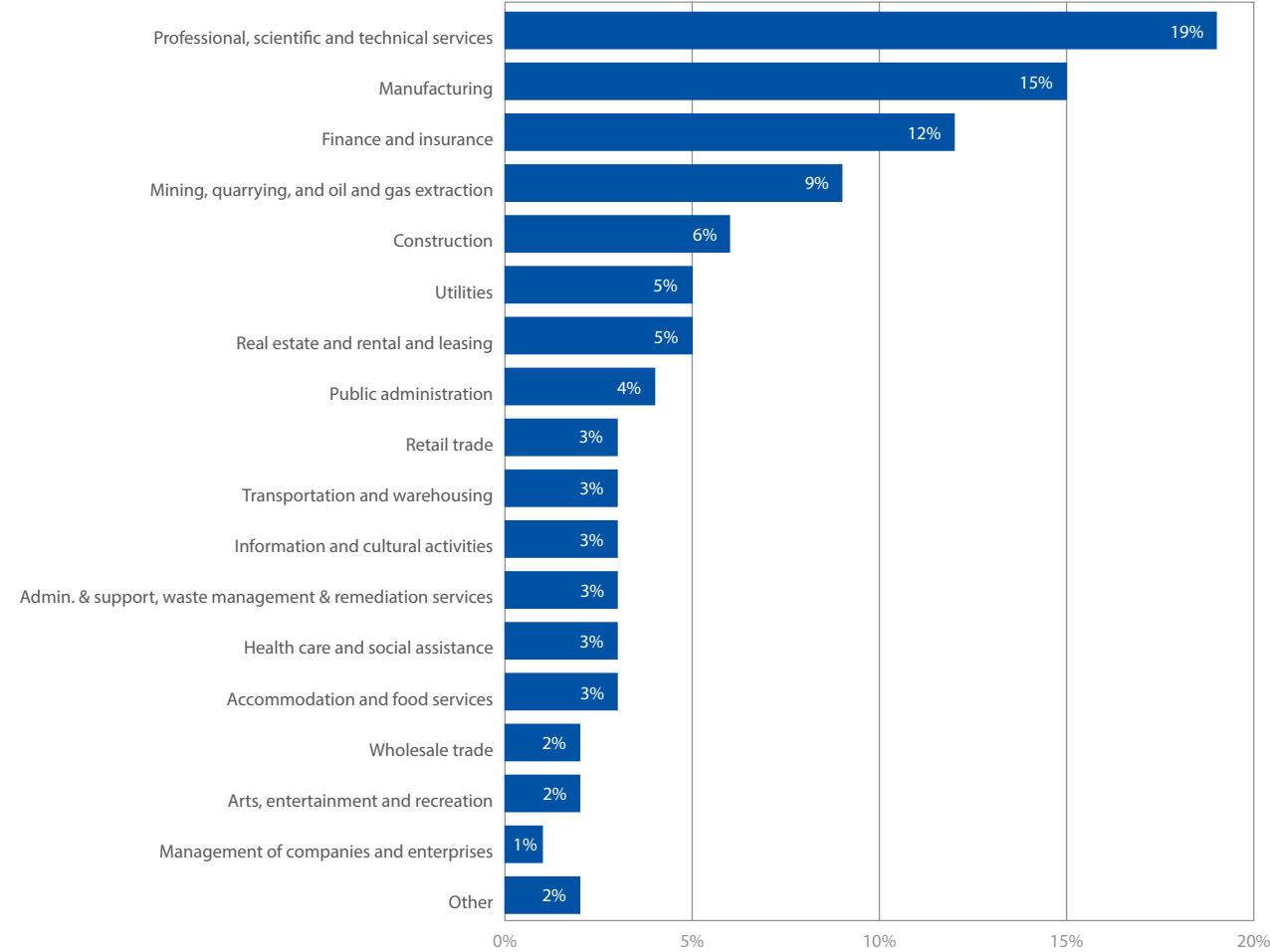
POSITION TITLE



ANNUAL REVENUE



PRIMARY INDUSTRY



APPENDIX B – HR DASHBOARD: PREFERENCE FOR MOST APPEALING

Five popular HR dashboards were presented to respondents without the creators’ name to remove any bias.

Ceridian Dashboard

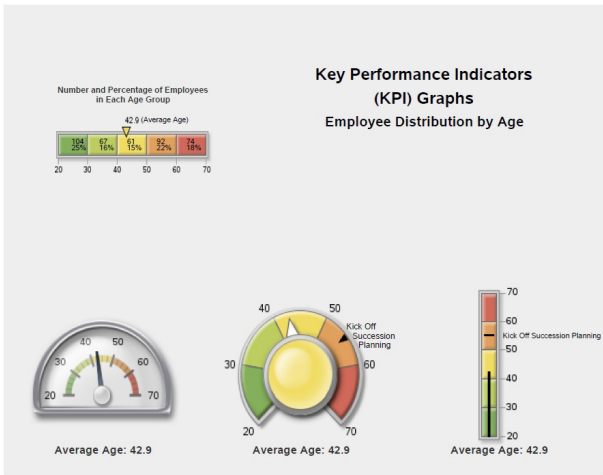
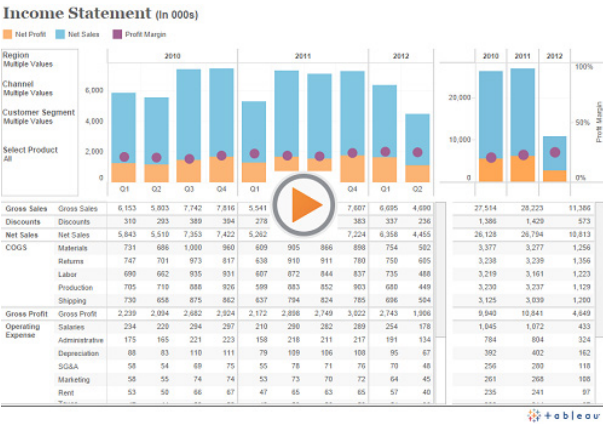


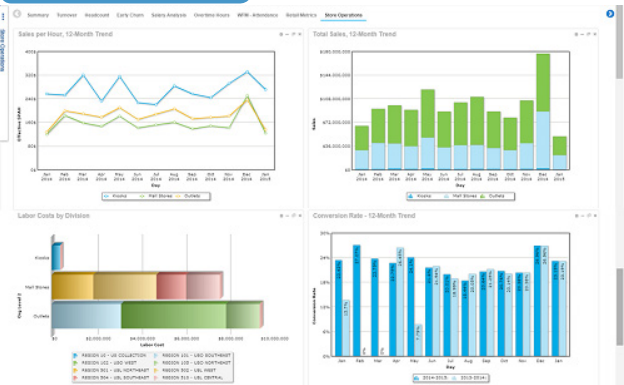
Tableau CFO Dashboard



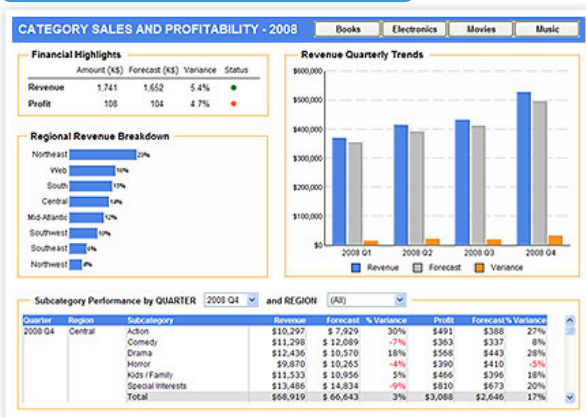
Dayforce Analytics



Dayforce Dashboard

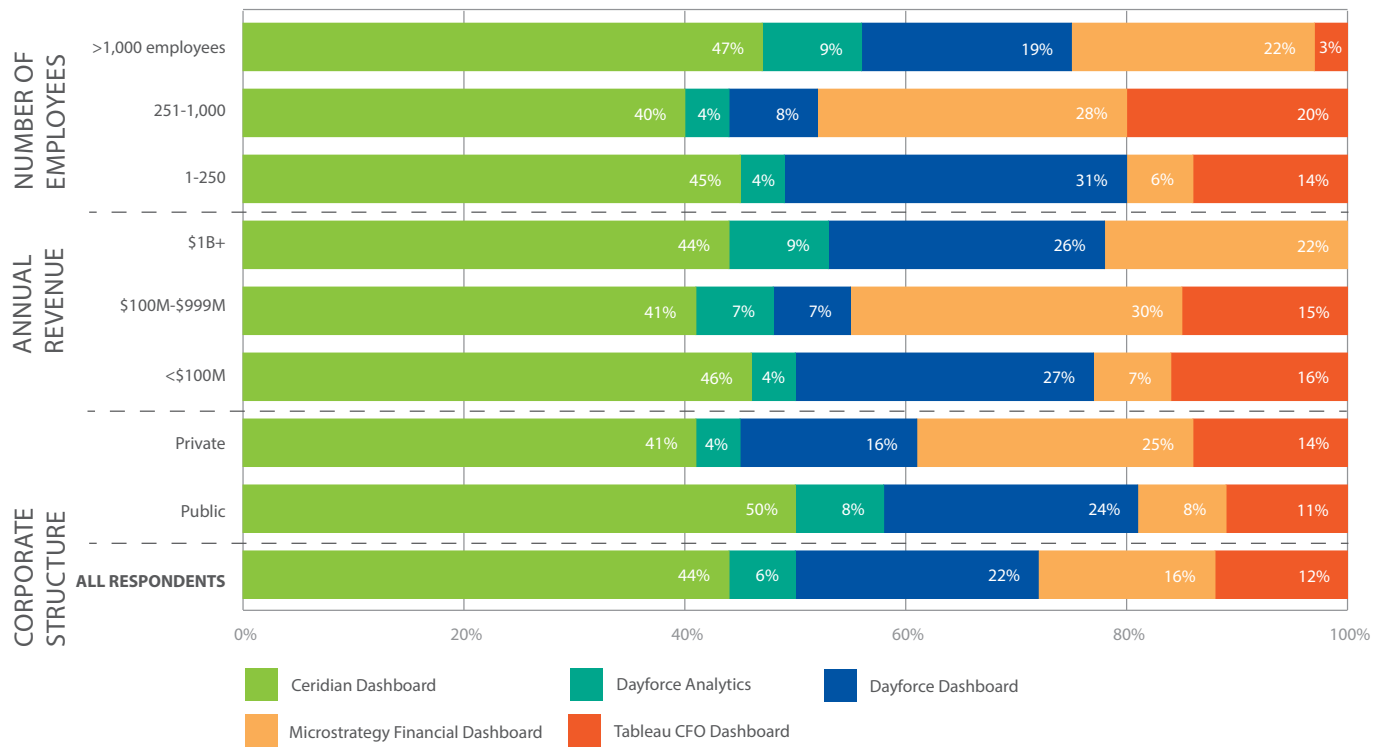


Microstrategy Financial Dashboard



The Ceridian dashboard was consistently ranked first by a wide margin of respondents (44%) and that was consistent across all groupings (corporate structure, company size, etc). The Dayforce Dashboard was ranked first amongst 22% of the respondents. There was also greater variability with Dayforce with it being more appealing to publicly traded companies or those from small or large organizations. Microstrategy Financial Dashboard was the second most popular in the mid-sized companies.

HR Dashboard ranked as most appealing



### APPENDIX C: FORUM PARTICIPANTS

Forum Chair: Michael Conway – President & CEO, FEI Canada

Moderators: Laura Pacheco – VP, Research & Communications, FEI Canada  
Greg Trok – VP Consulting, Ceridian

Toronto: Catherine Barker-Hoyes – Former CEO & CFO, Brantford Hydro  
Ralph Berzins – Former VP Finance, Grand & Toy  
Bob Brabers – CFO, Equifax Canada  
Alysia Carter – CFO, Ainsworth Inc.  
Gil Darnley – Senior Project Manager, Ontario College of Trades  
Gerard De Souza – VP Finance, Allstream  
Catherine Fels-Smith – VP, Finance & Operations, Toronto Board of Trade  
Jennifer Fong – Former VP, Finance, Starbucks Canada  
Douglas Johnson – VP, Internal Audit, Equity Financial Trust  
Elena Lokchina – CFO, Architects Alliance  
Sandra Montague – Chief Financial and Administration Officer, Alzheimer Society of Ontario  
Danielle Parent – Compliance Director, Internal Audit, Fujitsu North America  
Derek Petridis – CFO and Principal, Shikatani Lacroix Design

Phone  
Participants: Markus Weiss – Director, Shared Services North America & Financial Controller,  
Rheinmetall Group (Montreal)

Observers: Laura Bobak – Research and Communications Manager, FEI Canada  
Robert Colapinto – Writer, FEI Canada  
Anne Parviainen – Senior Market Segment Manager, Corporate & Enterprise, Ceridian

## ACKNOWLEDGMENTS

**THE CANADIAN FINANCIAL EXECUTIVES RESEARCH FOUNDATION (CFERF)** is the non-profit research institute of FEI Canada. The foundation's mandate is to advance the profession and practices of financial management through research. CFERF undertakes objective research projects relevant to the needs of FEI Canada's 1,600 members in working toward the advancement of corporate efficiency in Canada. Further information can be found at [www.feicanada.org](http://www.feicanada.org).

**FINANCIAL EXECUTIVES INTERNATIONAL CANADA (FEI CANADA)** is the all industry professional membership association for senior financial executives. With eleven chapters across Canada and 1,600 members, FEI Canada provides professional development, thought leadership and advocacy services to its members. The association membership, which consists of Chief Financial Officers, Audit Committee Directors and senior executives in the Finance, Controller, Treasury and Taxation functions, represents a significant number of Canada's leading and most influential corporations. Further information can be found at [www.feicanada.org](http://www.feicanada.org).

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#### **FEI CANADA'S RESEARCH TEAM:**

Michael Conway – President and Chief Executive Officer

Laura Pacheco – Vice President, Research

Laura Bobak – Research and Communications Manager

Robert Colapinto – Writer, FEI Canada





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