Majority of Canadian companies surveyed missing mark on using metrics to boost employee productivity, performance

Struggle to measure output leading to productivity deficit

TORONTO, May 9, 2017 – A new study shows only 10 per cent of senior financial executives say their productivity measurement tools fully meet their organization's needs, and more than one quarter are not using productivity data to improve performance at all, according to new research by the Canadian Financial Executives Research Foundation (CFERF), sponsored by ADP Canada.

CFERF, the research arm of Financial Executives International Canada (FEI Canada), conducted the survey of 126 senior financial executives across Canada, which revealed the most common HR reporting and analytics tools used are vacation tracking (86%), payroll management (74%) and attendance (71%).

There are numerous employee productivity metrics used, with the most common being workforce turnover metrics and financial metrics such as sales or revenue per full-time equivalent. However, the vast majority (90%) of survey respondents say these metrics are not fully meeting their organizations' needs. This struggle to measure output is, in part, leading to a productivity deficit in the workforce seen in other recent research, where nearly half (49%) of Canadians workers are not feeling as productive as they could be.

The results show that one of the most glaring missed opportunities today is a lack of alignment between HR and Finance departments about what key performance indicators (KPIs) to measure, and how to glean actionable insights from this data to improve productivity and performance.

"Many people don't realize how involved finance departments are in a business' HR functions, both in a day-to-day capacity as well as strategically," said Russ Wong, Chief Financial Officer at ADP Canada. "The two departments can and should lean on one another to determine the key performance indicators that have value to improving productivity and engagement, and use their company's available data to strengthen their business."

The study shows that payroll is handled by finance in 71 per cent of cases, while one-third (35%) of respondents report that finance is also responsible for culture, staffing and strategic planning. However, even with more metric-savvy financial team involvement in HR, more than one-quarter (28%) of organizations are still not using the productivity data they have to improve their companies' performance.

"This is a huge missed opportunity, particularly with finance playing a growing part in the HR function in many organizations," said Laura Pacheco, Vice President, Research, FEI Canada. "But the reality is that in most cases, companies aren't tracking or leveraging the key performance indicators that best support their business objectives, and using that information to inform decisions that impact the workforce. By better aligning HR priorities with business priorities, Canadian companies stand to prosper through a more engaged and productive workforce."

Pacheco added it was surprising given that people-related costs represent such a high proportion of organizational expenses, 39% of financial executives said employee engagement is not measured. "It's not surprising that the number one aspect of HR reporting that respondents wanted improved is employee engagement reporting," Pacheco said, noting 29% of respondents would like to see this.

Of particular note, the report also showed that:

- The majority of businesses define workforce productivity through the lens of the bottom line. Sales generated per full-time employee (46%), percentage of revenue allocated to compensation (23%), operating expenses per full-time employee and industry specific metrics (like units produced per employee in manufacturing) (22%) were most frequently cited.
- Two-thirds (64%) say they are using productivity data to inform employee budgeting decisions
- Nearly three-in-five (59%) respondents say they either have in place or are developing KPIs to measure productivity, with larger organizations more likely to develop these KPIs
- Upgrading employee training and skills (38%), increasing employee engagement (21%) and improving workflow design and expanding/recalibrating the workforce (16%) are the areas that respondents see as most likely to foster increased productivity over the next three years
- According to other recent research from ADP Canada, of the 49% of Canadians who feel they are not as productive as they could be, distractions such as multitasking and social media (43%), process red tape and bottlenecks (35%) and a lack of training or resources (27%) are the most common reasons cited.

"HR is often understood to be the softer side of managing a business," added Wong, "but these professionals can certainly benefit from a strong relationship with the finance department, who better understand how to extract value from data. Strong metrics lead to better analysis, which in turn leads to both a more productive and engaged workforce and a better bottom line."

About the Report
Understanding productivity through the lens of Finance was prepared by CFERF, the research arm of FEI Canada, together with its research sponsor, ADP Canada. It is based on an online survey of finance executives from across Canada. Of the 126 finance executives who responded, the majority (48%) are CFOs, 12% are vice presidents of finance or controllers, and 8% are directors of finance. The survey was conducted between November 9, 2016 and December 9, 2016.

The full study can be downloaded at https://www.adp.ca/-/media/Canada%202015/insights%20assets/FEI%20Report/Understanding%20Productivity%20-%20EN.pdf.

About 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 Canada's senior financial executives in working toward the advancement of corporate efficiency in Canada. For more information, please visit feicanada.org

About Financial Executives International Canada (FEI Canada)
FEI Canada is the all-industry professional membership association for senior financial executives. With eleven chapters across Canada and more than 1,500 members, FEI Canada provides its members thought leadership, advocacy services and extensive professional development opportunities – including its executive education offering, the CFO Leadership Beyond Finance program. 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. Follow us on Twitter at @FEICanada.

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