Examples of HR Metrics with Formulas

Metric Category: HR Operational Effectiveness

Metric Name: Staff Age Breakdown

Calculation:
(Headcount within a Certain Age Bracket at the End of a Given Period / Total Headcount at End of Period) * 100

Who Cares About It, and Why?
This breakdown gives senior leadership a sense of the attitudes and experience within various segments of the workforce it manages. Over the past few years organizations have taken a great interest in the percentage of their workforce in its most senior age brackets since they may be thinking about their gold watch and a retirement party. These people presumably have on average have more skills, experience, industry contacts and knowledge than those younger employees who remain in the workforce. More and more organizations are seeking ways to more proactively address what they are acknowledging as a problem, well, for the ages.
Our analysis showed that while organizations acknowledge this structural change in the labor force as a threat to shareholder value, few HR organizations are really prepared to address it. The survey revealed that formalized succession planning, mentoring programs, flexible work schedules for would-be retirees and enabling technologies playing a role in addressing the gap left by retirees.

Metric Name: Quick Quits

Calculation:
(Headcount Who Left the Organization Voluntarily in < 90 Days / Total # of Headcount Period Hired within the Same 90-day period) * 100

Who Cares About It, and Why?
If it's not completely clear when you look at the equation, this metric tells you what percentage of people hired quit within the first 90 days. 90 is an arbitrary number in this case. For some jobs, a week, a month, or a year might be a more reasonable number to use.
This metric looks almost exclusively in the rearview mirror. It may tell you what effect any number of factors is having on the new hires your organization brings onboard. An interpretation of the number for any single period (i.e., a snapshot) or over time (i.e., what the trend line looks like) should be accompanied by a review of exit interviews and employee satisfaction scores whenever possible. Too high a number likely costs the organization a lot of money (e.g., hiring costs, training, sub-par productivity during ramp-up, morale of others, etc.) may tell you:

- Your organization is hiring the wrong people for open positions. Therefore, your recruiters and hiring managers should reexamine their practices. Personality profiling anyone???
- Your organization's on-boarding process might stink. What do you think new employees' first impression of your organization is?
- Your organization's managers might stink. Maybe only some stink. Cut the data by region/business unit/team to dig into the numbers further.
- It's a good economy, and therefore, people have a wider range of jobs from which to pick. Still, why aren't they choosing to stay here?

Metric Name: Retention of High Performers

Calculation:
Retention = (# of Retained HPs*) / Avg. HP Headcount in the Organization**) X 100

** # of Retained High Performers = # of HP with Employed Status at Beginning AND End of Period*

** Avg High Performer Headcount = (Total HPs at Beginning of Month + Total HPs End of Month) / 2

Who Cares About It, and Why?
Everyone, including an organization's shareholders, should care about this one assuming the process used to identify high performers is accurate. This measure speaks to everything about the focus of an organization's talent management practices (e.g., compensation, management development, training, etc.). While some might consider retention to be a backward-looking metric, capturing this measure from quarter-to-quarter or even year-to-year should provide some predictive indication of whether or not an organization will be able to execute on its goals (e.g., how are we going to grow sales by 20% annually over the next 5 years when we keep losing our best salespeople to the competition).

Metric Category: HR Operational Metric (Talent Acquisition)

Metric Name: Time-to-Requisition Approval

Calculation:
Time to Start = Hire Date - Date Position Posted

Who Cares About It, and Why?
Hiring managers and recruiters. Both parties need an approval before they can post an open position and begin searching for a qualified candidate. When used on an aggregate basis, an Average Time-to-Requisition Approval is one component used to calculate Average Time-to-Fill. Averages can be used as benchmarks for both forecasting and process improvement.

Metric Category: Transactional

Metric Name: Development Program Penetration Rate

Calculation:

1. of People in a Given Job or Job Family who Have Satisfied the Requirements of a Particular Development Program / Total # of People in that Given Job

Who Cares About It, and Why?

It depends on the program. For example:

- Enterprise application owners want to make sure power users and administrators have been introduced to company systems.
- Product managers want to know how many sales and customer support people have been through classes and have certified their knowledge on their wares.
- Compliance officers who worry about legal exposure care to know who has and has not maintained their licensure requirements by participating in continuing education programs.
- Sales executives want to know who among their staff have gone through the curriculum that covers the company's consultative sales methodology.
- Senior executives want to know how many of the company's rising stars have made progress on their individualized development plans.

Metric Category: Workforce Effectiveness

Metric Name: Revenue Per Head

Calculation:
Revenue for Period / Avg. Headcount in the Organization*

*Avg HC = (Total Heads at Beginning of Period + Total Heads at End of Period) / 2

Who Cares About It, and Why? This measure of productivity is widely accepted as a standard. Hopefully, the data to complete the calculation is easily accessible via your HR and financial systems of choice. Many stakeholders care about this measure of productivity for a variety of reasons. Like most metrics, it becomes particularly interesting as you begin to drill down and report revenue per head relative to peers' span of control (e.g., comparing figure across all regional managers):

- The Government: When aggregated to the max, the government leverages such data to report on economic output, and as a derivative, worker productivity.
- Executives will ultimately tie investments in the workforce to how this measure changes over time. It can help drive decisions about headcount allocated to various lines of business and/or geographies. In addition, executives and shareholders often take an interest in benchmarking this metric against organizations in similar industries or similar in size.
- Individual contributors, particularly those tied to an organization's top line, care about it because it likely serves as an indicator of continued employment, bonuses, merit increases, and promotions. It can also be applied to employees in support functions such as Finance, IT, and HR (i.e., how much revenue does each person classified as SG&A.

There are several limitations to this metric:

* It ignores profitability. Not all revenue is good revenue, so this should not be the lone measure of productivity. In addition, it does not take into account the cost to which HR is often held accountable - labor cost of employees and contractors.

- Revenue is backward-looking and not the only measure of productivity. This is particularly true when an organization tries to drill into the productivity of individual employees.