

• Performance • Productivity • Performance • Productivity •
Analysis • Evaluation • Assessment • Investigation • Insight
• Organisation • HR Function • Organisation • HR Function •
Evidence based management • Evidence based management

• Financial services • Pharmaceutical • Retail • Healthcare •
Manufacturing • Banking • Utilities • Business services • IT
• Mining • Media • Transport • Construction • Telecomms
Local Government • The NHS • Higher Education • Agency

PEOPLE SCIENCE®

Human Capital Management

Human Capital Measurement

Organisation Performance

HR Functional ROI



ADVISORY ▪ AUDIT ▪ ASSURANCE ▪ ANALYTICS



"Smart. Smarter. Smartest..."

“Human capital management is the term which is used to describe an organisation’s multi-disciplined and integrated approach to optimising the capabilities and performance of its management and employees.”

VaLUENTiS International School of Human Capital Management
January 2006

HR value proposition Shared services Outsourcing HR capability

HR strategy Health & safety Performance management

Resourcing Workforce intelligence HR architecture HRIS & measurement

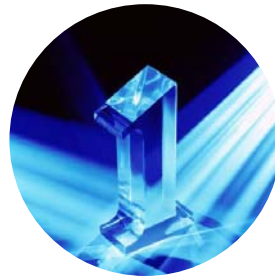
HR procurement Employee relations Business partner

Talent management HR systems Payroll HR Governance

Centres of excellence Organisation design

Reward & benefits

The application of evidence based management



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“With comments such as ‘pioneering’, ‘outstanding’, ‘exciting’, leading client organisations are acknowledging the strength and depth of the VaLUENTiS offering ”



VaLUENTiS: Unique in its offering

VaLUENTiS is the leading professional services firm in the field of human capital management and organisation performance, with its global headquarters based in Berkeley Square, London.

The firm provides client organisations across the private and public sectors with advisory, audit, assurance and analytic services.

Core solutions to enhance enterprise performance focus on four core disciplines: organisation effectiveness & measurement; human capital management; and HR Functional effectiveness. Evidence based management is a core philosophy.

As a company we define the highest professional standards in order that our clients, which include FTSE100/Euro300, S&P500 companies and various public sector organisations, receive unparalleled service.

Value-Based HR (VB-HR™) and its derivative I-solutions® are the company's flagship offerings, which provide organisations with proven performance improvement strategies.

There are ten areas of focus:

- Human capital management evaluation
- Employee engagement
- Workforce productivity and performance
- Predictive analytics
- HC Forensics and risk
- Data/evidence collation
- HR function ROI analysis
- Organisation measurement
- Management education
- Strategy

Organisations now have the potential to insource and/or outsource strategic HR capability which can reduce internal costs whilst optimising performance.

These advances are creating significant industry-wide shifts that have changed the competitive ground rules and brought about radically new routes to performance assessment and improvement in terms of human capital management and organisation effectiveness.



“Innovation is seeing what everybody has seen but thinking what nobody has thought.”

‘Organisation performance through a human capital lens’



'The VB-HR™ Rating Evaluator is, without doubt, the most sophisticated programme for assessing and improving human capital management practice available.'

Aside from its truly innovative reporting solution, its portfolio of derivative tools provides detailed insight into people management practice and organisation performance.'

Despite many advances, organisations, have struggled to assess the performance of human capital management practice to a quantifiable degree that provides reliable insight and benchmarks.

There is increasing awareness and respect for the impact that employee engagement contributes to both organisational productivity and performance, from both output- and cost-based perspectives.

There is thus a growing need for intelligence, what we term workforce intelligence, that provides insightful data for organisations to evaluate and act upon with a degree of reliability.

Accordingly, we have intentionally designed the VB-HR™ Evaluator and associated portfolio to be applicable to both public and private sector organisations. We recognise that people management is a complex area and the Evaluator has taken several years of fully fledged research and design. In fact it has created a new discipline, what we have termed 'People Science®'.

The VB-HR™ model builds up a composite picture of organisation performance through a human capital lens. This includes an assessment of employee engagement, organisation engagement, and strategic human capital management drivers. Organisation engagement is a term we use to ascribe the core operating strategies and activities of everyday people management. These are:

- Diversity
- Employee centricity
- Employer brand
- HR governance
- HR operational excellence
- Leadership
- Organisation communications
- Organisation climate
- Organisation design
- Performance orientation
- Resourcing
- Retention
- Reward
- Talent management
- Training & Development



We are one of the very few companies that provide workable definitions of both human capital management and employee engagement, i.e.

"Human capital management is the term which is used to describe an organisation's multi-disciplined approach to optimising the capabilities and performance of its management and employees."

"Employee engagement is an outcome-based concept. It is the term used to describe the degree to which employees can be ascribed as 'aligned' and 'committed' to an organisation such that they are at their most productive."

Groundbreaking insight

With its innovative OLAP based VB-HR™ solution suite, including the ground-breaking multi-faceted VB-HR™ Rating (www.vbhr.com), VaLUENTiS' portfolio of powerful tools and analytics includes the next generation of business evaluative and predictive techniques.

The VB-HR™ Evaluator combines qualitative and quantitative data, the so-called 'mixed methods approach', which is gaining increasing acknowledgement of its inherent advantage over traditional single perspective approaches.

Thus, a new level of data relating to organisational dynamics and performance from the people perspective provides a far more insightful and detailed assessment as a subsequent basis for action or acknowledgement.

Below for example is a common output showing the comparative performance of the Organisation engagement indicators, mentioned to previously, and what is referred to as the OE 'Radar' or 'clock'.

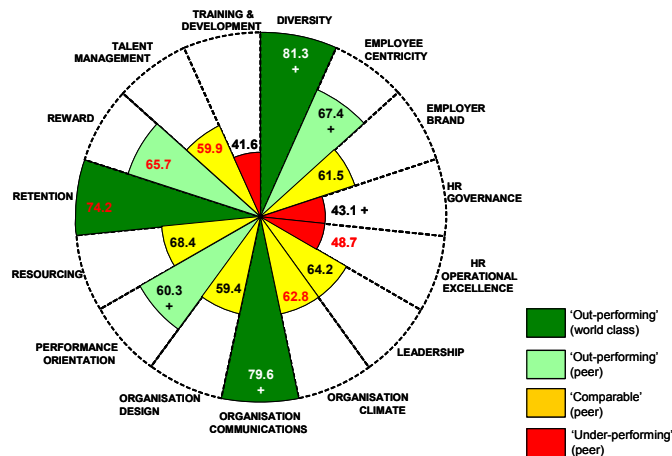


'The ability to combine qualitative and quantitative data at this level and to provide further detailed assessment gives HR functions and their organisations unrivalled business intelligence when it comes to human capital management interventions.'

Through our previous work with both public and private sector clients, we are able to provide comparative performance insight and best practice features, enhanced by our VB-HR™ database that contains over 250 large public and private sector organisations. Given the richness of data we are able to provide greater insight into the current organisation dynamics and provide advisory on how to improve aspects of organisation performance linking with performance measures.

Thus the outputs of the process can be used in a variety of ways whether it is for measurement, benchmarking, evaluation, reporting, organisational actioning or learning or as a precursor for more detailed modelling analytics specific to the organisation. They exist alongside the more strategic measures and baseline metrics which exist in the VB-HR™ portfolio.

Organisations are also able to combine several of these indices into further 'clustered' indices such as, for example 'employer of choice'.



'Organisation performance through a human capital lens'



Employee engagement

Human capital is a key ingredient of organisational success. As such, it should be a priority for organisations to measure the degree to which their employees are both aligned with the organisation's objectives and committed to achieving them.

Whilst the use of employee surveys is not new within industry, an increasing number of organisations are moving away from traditional employee 'satisfaction' or 'attitude surveys' and utilising the more powerful construct of employee 'engagement', recognising its enhanced linkage towards outcomes such as productivity and performance.

Organisations seeking to maximise employee engagement run the risk of having to trade off overall outcomes (e.g. in terms of performance or productivity) against the requirements or preferences of employees, which can run counter to organisational aims or lead to potential questions around equitable treatment.

Even though measures of satisfaction and commitment do provide insight into aspects of employee opinion, we argue that leading-edge survey design aims to measure a more practical construct: employee engagement. At level 1, we define this as possessing two components: **Alignment** and **Commitment**.



Our standard framework expands the concept of engagement into five key domains: Line-of-sight, Work environment, Development, Reward and Organisation architecture, which include all the key elements of employee engagement. The framework enables the use of external benchmarking as we have designed core standard templates (20Q, 30Q, 40Q and 50Q up to 120Q) for this particular purpose. Further question sets can be added for any particular customised.



The unique design of the VaLUENTiS engagement standard framework enables transition in that re-cutting of previous data can be mapped against the framework to provide consistency of benchmarking. The VaLUENTiS Engagement QS database includes over 500 Question-statements that have been used in previous survey construction. Our research on the subject of engagement and performance spanned 40 years and some 1,500 research papers.

The example diagram to the right shows a relatively high overall engagement score but with relative weakness in the areas of Reward and Work Environment. Our database contains normative scores across sector levels which represent over 3 million employees.

Sectors of industry contained in the VB-HR™ database

The VB-HR™ database contains one of the largest comparative assessment portfolios in industry, and certainly the most sophisticated when it comes to measuring human capital management effectiveness.

Organisations can leverage the intelligence whether it is specifically on employee engagement or the wider organisation engagement slices and/or on the HR function spend/activity. Sectors include:



Comparative
(kəm'pærətɪv) *adj* denoting or involving comparison; judged by comparison

Private

- Biotechnology
- Business services
- Chemicals
- Construction
- Distribution
- Food Production
- Financial services:
 - Insurance
 - Investment banking
 - Retail banking
 - Other
- FMCG
- Leisure
- Manufacturing/Mining
- Oil & Gas
- Pharmaceutical
- Professional service firms
- Retail
- Telecommunications
- Utilities

Benchmark
(ˈbentʃ,ma:k) *n* a criterion by which to measure something; standard; reference point; of recognised authority, competence or excellence; *vb* to measure or test against a benchmark

World-class
(wɜ:l'd-kla:s) *adj* of or denoting a person that puts him or her in the highest class in the world; of or denoting an organisation whose performance or capability is deemed as the highest class in the world

Public

- Government:
 - Agency
 - Central
 - Local
- NHS-Health
- Higher Education
- Police



Comparator
(kəm'pærətə) *n* any instrument to measure a property of a system by comparing it with a standard system

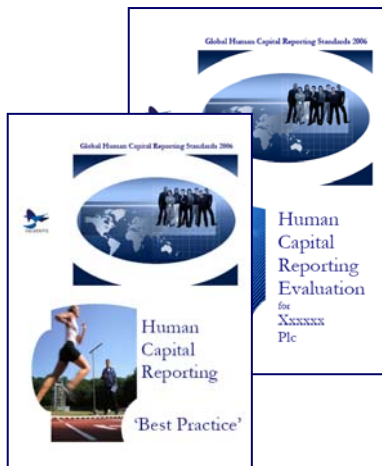
Human Capital Measurement & Reporting



Early in 2006 VaLUENTiS released the Global Human Capital Reporting Standards (GHCRS2006) – the first open-source human capital reporting solution.

This solution provided organisations with the first standardised format for comparative internal and external reporting purposes and included the HC Operating Statement®, PeopleFlow™ and HC Productivity Statements® together with operating principles (SHCROPs) and a global HC Reporting template.

The GHCRS2006 are supported by audit assurance and analytics services for both external/internal reporting purposes, and include Best Practice guidelines and reviews.



The VaLUENTiS VB-HR™ database contains over 1,500 metrics and reporting best practice reviews as well as global company data on a multitude of human capital management drivers.

This means that we can view a client's performance and reporting from different layers and perspectives.

Our comprehensive sector coverage means that we can understand the context of the organisation and the degree of complexity of its people dynamics.

Our services include a 'cornerstone' HR architecture – a set of building blocks that provide both structure and flexibility for client engagements to ensure suitability and cost effectiveness.

Our (DEEP) framework assists client organisations with practical measurement solutions. We have identified over 20 different reasons for internal HR measurement and tools such as our HR measurement evaluator and scorecard methodology ensure HR functions get it right.

The HCMI Standard: Outcome focused not process focused

THE STANDARD

The HCMI Standard provides, for the first time, a global evaluation of organisation performance from a human capital perspective and as such is unrivalled in terms of its value proposition to industry.

GOALS

The HCMI Standard has three over-arching goals. They are:

- To ensure organisations have a rigorous and challenging test of performance with differentiated levels that can be both attained and aspired to
- To drive contribution to world class organisational performance, backed up with available support and educational network
- To provide organisations with an accreditation that is recognised either globally, regionally and/or locally

APPROACH

- The Standard is based upon a three-dimensional evaluative approach:
- The effectiveness of human capital management practice within an organisation or unit
- An indicator of organisational (financial) performance based from a human capital perspective
- The level and degree of use of internal and external reporting related to human capital and human capital management



OUTPUTS OF THE PROCESS

- Accredited award from one of nine levels resulting in a Gold, Silver or Bronze accolade
- Assessment of the individual human capital performance, human capital management practice and human capital reporting components
- An evaluative 80-page report containing a routemap of improvement actions structured in 'an implementation plan'
- Benchmarking data and evaluation across ten core HCM 'domains'
- Evaluative results across the eight HCM value drivers
- Sector and cross-sector benchmark data across a portfolio of relevant measures
- Provision for multiple unit/directorate assessment and individual sub-accreditation

ADVANCED OPTIONS

- Deeper analysis on business performance issues linked with human capital modelling analytics
- Organisational 'work out' programme to enhance business performance
- Evaluation of current employee engagement measurement
- Full assessment of current internal reporting capability and guidance on developing internal HC scorecards
- Comprehensive evaluation of HR spend against global benchmarks





“Standard (ˈstændəd) *n* an accepted or approved example of something against which others are judged or measured; a principle of propriety, honesty and integrity; a level of excellence or quality; of recognised authority, competence or excellence.”

The organisational benefits of using the HCMI Standard

There are ten main reasons as to why organisations should utilise the Standard:

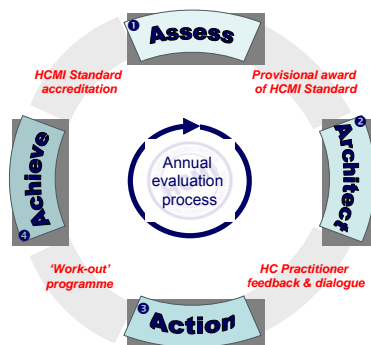
1. A means of enhancing organisation performance through enhancing the effectiveness of people management practices
2. Provides organisations with a pragmatic organisation development tool
3. Provides a routemap of prioritised activities that enables the improvement of people productivity and performance
4. Provides direct impact on the various people related contributions, whether value or cost driven
5. Provides a blueprint for HR functions to become (or remain) world class, in terms of dynamic capability and performance
6. Awards a global accreditation in a recognised standard that provides a meaningful comparison and benchmark for continual improvement
7. Accredits internal staff in a recognised certificate of practice, which in turn will minimise external costs
8. Provides the means for organisations to become a member of a world-wide network with access to leading edge practice and education
9. Assists in enhancing human capital reporting capability
10. Assists organisations in ‘smart management’ – the increasing differentiator in securing competitive advantage

The client organisation is only required to collate some base data and answer evaluative questionnaires includes the undertaking of a Level 2S VB-HR™ Rating assessment (www.vbhr.com). The assessment includes:

- a. Collation of human capital related and financial related data
- b. Performance question inventory for management, HR professionals, employees
- c. Existing employee survey data recut and used if available
- d. Quantitative and qualitative data fed into multi-perspective VB-HR™ Rating engine
- e. Output generated across eight primary HC value drivers; HR strategy, HCM architecture, workforce intelligence, management, employees, HR procurement, HR capability and HR customer-agency
- f. Calculations of organisational performance based on combined financial and people data generating a portfolio of statistics for benchmarking across a range of core human capital related areas.
- g. 80 page improvement (work-out) roadmap produced together with supporting materials
- h. Approved accreditation is achieved through the completion of an evidence-based management process

There are four essential stages of HCMI Standard assessment:

- ASSESS
- ARCHITECT
- ACTION
- ACHIEVE



The Value-based HR Function: From 'also-ran' to 'world-class'

Organisations today face increasing pressures to perform whatever their strategy or remit, whether public or private and whether country or internationally based. In addition to working harder to maintain or increase value, or value for money, organisations are having to pay closer attention to the issue of human capital management.

The reason is simple – for many, people offer a means of sustainable competitive advantage or enterprise effectiveness where other drivers of value become harder to differentiate.

Persuading the right people to join, developing their talent in order that they perform to their full potential in pursuit of defined business objectives, and ensuring they stay, demands management and measurement of the highest order.

HR functions should be viewed as core to the business.

HR 'spend' demands an ever-increasing focus on making the right decisions regarding human capital management investment, including the efficient and effective management of the internal function.

HR functions' high level remit is primarily to assist the organisation in optimising people performance. We know that people are simultaneously assets, resources and liabilities.

It therefore follows that HR as a corporate function has to ensure that all human capital management practices are integrated and in themselves performing, i.e. delivering what is required and mutually reinforcing.

In order to do this, the HR function is required to optimise eight aspects of operational excellence which constitute 'business as usual'.



“To date, many HR functions have found initiatives such as benchmarking, outsourcing, shared services, automation and scorecards rarely solve operating challenges by themselves.

This is because each of these is just one facet of HR effectiveness, and part-components of a larger mechanism/design.”

HR operational excellence 'clock'



'Organisation performance through a human capital lens'



INTERNATIONAL SCHOOL OF HUMAN CAPITAL MANAGEMENT

Valuentis

At Valuentis' International School of Human Capital Management (ISHCM), we provide delegates with unrivalled commercial knowledge and skills required for the effective management and measurement of human capital.

As such, our target audience is across a range of professions including Management, HR, Accounting, Audit, Communications, Education and Health.

Our objective is to be the pre-eminent business school in the field of human capital.

In pursuit of this objective we have planned a range of developments over the next three years - based on a closely managed and ambitious growth strategy.

We will look to provide an expanding portfolio of programmes, increasing the depth and breadth of our already world class research capability across eight core research areas.

Our research centre contains the most comprehensive collection of pure and applied research in the field of human capital under one roof.

Our base in London provides us with access to many global organisations. As an indicator, seventy-five percent of Fortune global 500 companies are located here.



We believe that our courses and programmes are unique in their combination of case studies based on real issues and actual scenarios from our client work.

The various course options available for delegates provide the most attractive offer, which we term 'progressive flexibility' – the ability to choose one-off appropriate learning but with the option of structuring combinations to allow for sought-after accreditation.

Our ethos is to combine rigorous, analytical research together with actual client-related project experience to enhance individual capabilities and critical that links with organisational performance.

As a result we are able to offer unrivalled course content that is delivered in an effective modular-based format.

All school delegates are automatically enrolled with the Human Capital Management Institute (www.HCMIGlobal.org).



“We focus beyond 'best practice' using our fundamental 'why-what-how' approach that transforms the way in which we have traditionally managed people and measured their contribution.”

'Organisation performance through a human capital lens'

Course programmes: The HCMI and executive series



Our course programmes are designed to provide knowledge and capability across a range of roles and levels of seniority. Many of the courses and masterclasses are derived from actual client project assignments and therefore have a practical focus.

Aside from our various executive programmes released in 2006, 2007 saw the launch of The School's MBA level **HCMI** one-year part-time distance course. Full course details are provided in the ISHCM HCMI guide (downloadable at www.ISHCM.com).

A portfolio of Executive level seminars, masterclasses and bootcamps, dedicated towards providing C-class management with the latest in strategic HR leadership and governance, people management practice, HC reporting and wider organisational performance challenges and solutions.

Executive series

As the pace of organisational life seems constantly to quicken, so the demands placed on management and HR professionals increase.

Chief Human Capital Officer series

HR Professionals need to ensure that their skills and technical awareness match the pace of change and are upgraded as their careers and responsibilities evolve.

For those aspiring to leadership, this programme of modules is a unique offering at the forefront of management education.



Four programmes including:

- Advanced HC Practitioner
- HC Practitioner
- HC Reporting Practitioner
- VB-HR Rating Practitioner

HC Practitioner series

Human capital management is relevant to all managers in organisations. Enhanced awareness of its concepts, and how it relates to the individual manager as well as organisation performance, should be part of every professional's toolkit.

Professional series

Accordingly, the Professional programme consists of 36 applied courses, under the three course theme headings of Strategy and Management, Human Capital Measurement and HR Effectiveness.





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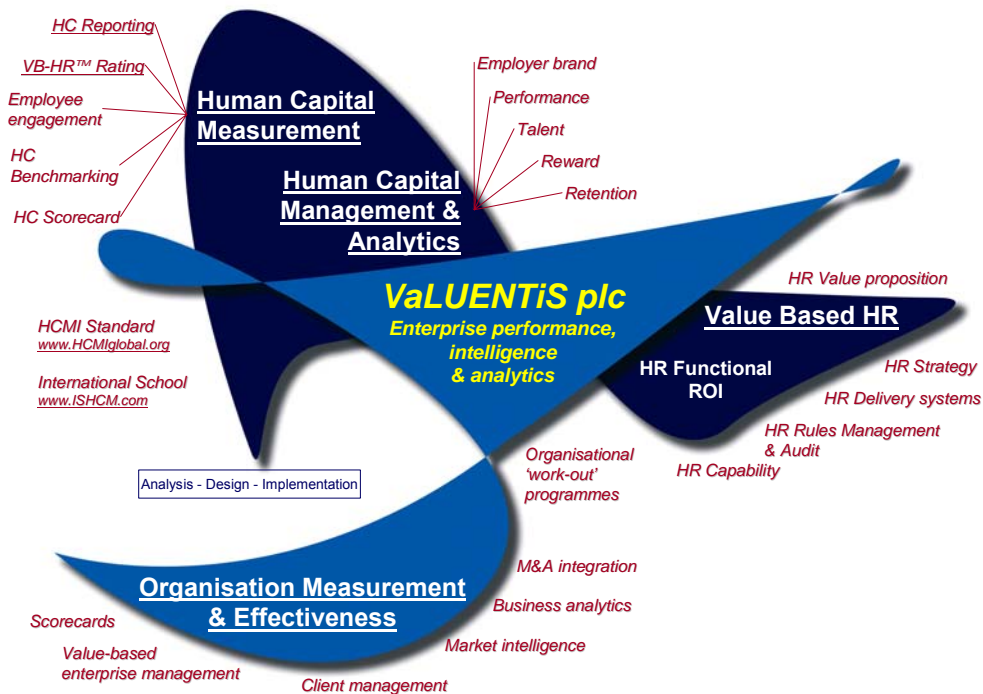
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- Spain
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- United States

ADVISORY

AUDIT

ASSURANCE

ANALYTICS

¹includes our global network alliance

“What we see, or what we think or what we know is of little consequence. The only consequence is what we do.”

Smart. Smarter. Smartest...

I



PEOPLE SCIENCE®

*Organisation **I**ntelligence
to
improve organisation performance*

- Human Capital Management evaluation
- Employee Engagement
- Workforce Productivity & Performance
- Predictive analytics
- HC Forensics & risk
- Data/evidence collation
- HR Function ROI analysis
- Organisation measurement
- Management Education
- Strategy

SOLUTIONS

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