

# THE HUMAN CAPITAL PERFORMANCE MATRIX™

*'Organisation Performance through a Human Capital lens'*



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$\text{€}$   $x_i y_j^2$   $\text{\$}$   $\int$   $\text{£}$



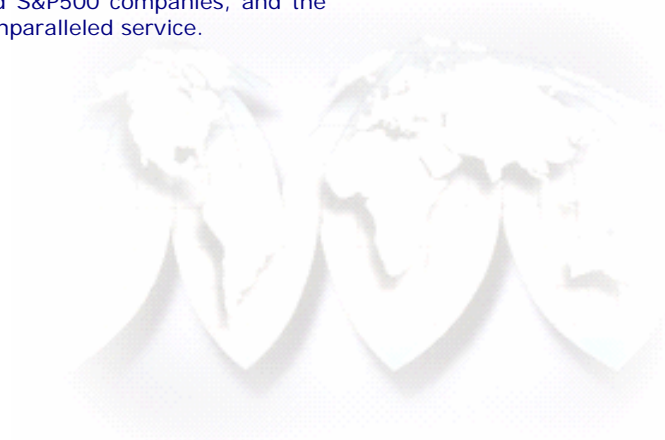

**2005**



# 'Fusing finance with HR'

VaLUENTIS is the leading global professional services firm providing clients with human capital management, human capital measurement, organisational effectiveness and organisational measurement solutions to enhance performance.

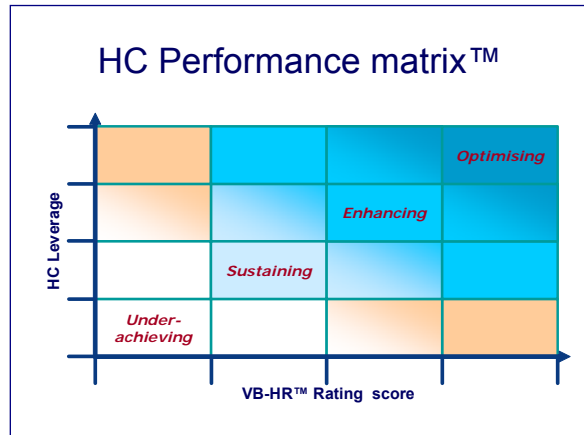
As a company we define the highest professional standards in order that our clients, which include FTSE100, Euro300, and S&P500 companies, and the public sector, receive unparalleled service.





## The HC performance matrix™

*'The first true measurement benchmark that links organisational performance with human capital.'*



The model plots 'HC leverage' (revenue attributable to human capital and HR spend) with the VB-HR™ rating score; and maps the resulting index score using a 4x4 grid denominating various degrees of performance (see diagram).

The grid itself is actually composed of 20,000 x 20,000 smaller grids, for calculative purposes. But for ease of conceptual understanding we have scaled this to the 4x4 model, labelling various definable stages, namely Under-achieving, Sustaining, Enhancing and Optimising.

### Under-achieving

Organisations (BUs) located here have two central problems – both their HC leverage and VB-HR score are located in the bottom-performing quartile indicating that both areas are under-performing the baseline of expected performance.

### Sustaining

Organisations (BUs) located in this area would suggest that organisational performance is below average from an HC leverage perspective, though their human capital management performance would appear to be barely acceptable.

### Enhancing

Organisations (BUs) located here are performing ahead of the pack in terms of their HC leverage and their human capital management performance score also suggests an above average (or a return).

### Optimising

Organisations (BUs) located in this area are highest performing in terms of both their HC leverage and their human capital management score and can be called 'World class' if the term is used as a means to define exceptional performance.

There are the two 'red-zones' to note here, running laterally and vertically. These are designated  $HC_{PI}$  and  $OP_Q$  which stand for **Human Capital performance impairment** and **Organisational Performance question**, respectively.

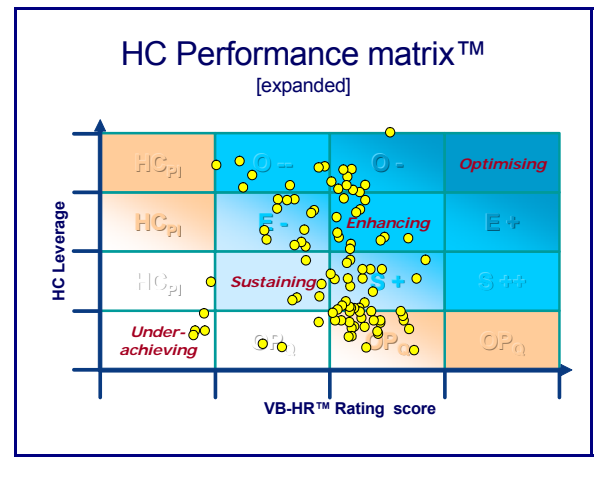
$HC_{PI}$  indicates that the organisation's human capital management performance is at such a low level that there is a significant impact on organisational performance which requires action.

$OP_Q$  indicates one of two things. Either organisation performance has operating issues, i.e. structural implications meaning under-utilisation of human capital and/or over-investment of human capital management spend relative to the operating model in use.

### Recent results from the VB-HR™ Rating HCM100 study

The current distribution reflects some interesting observations with currently nobody occupying the 'Optimising' space, but a significant cluster of organisations which are in or near to 'OP<sub>Q</sub>' status – suggesting further assessment of performance.

There is a significant number of organisations which appear to have good leverage of human capital but are not necessarily maximising on HCM which suggests further potential performance leverage.

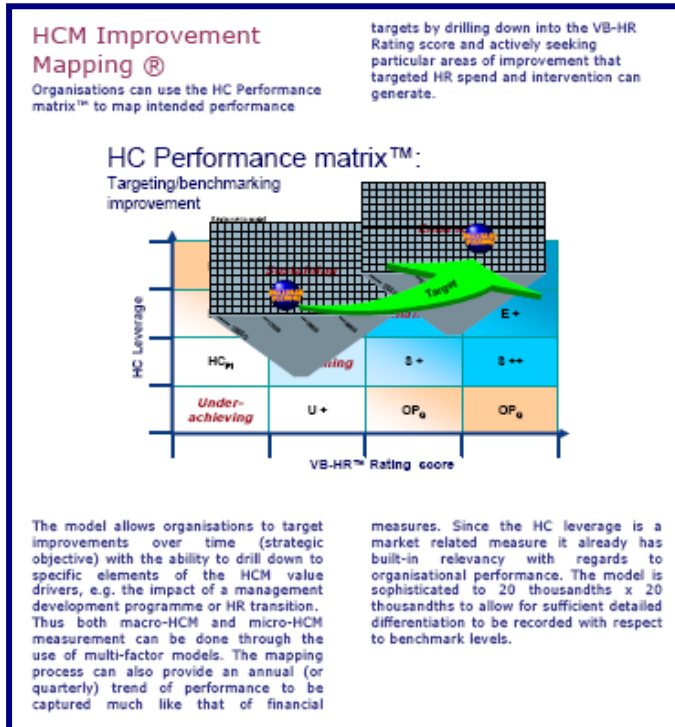


We are able to provide HR functions and organisations an accurate return-cost ratio based on their scores and the VB-HR™ Rating benchmark database. We have currently over 26 sectors represented.



## Key applications

The HC Performance matrix has been designed to assist organisations and their HR functions in a variety of ways:



### HR strategy

- Clarification and alignment of multiple perspectives on current HCM performance across stakeholder groups
- Clarification of areas of budgetary expenditure
- Development of a robust mandate against which the strategy can be defined and implemented
- Prioritisation of HR activities and development of validated 'HR Action Mandate'.

### HR business case

- Assessment of impact of current budgetary allocation in terms of HCM performance
- Evaluation of current delivery effectiveness in light of organisational requirements
- Identification and development of business case for further and/or redirected investment, including quantification of its likely impact.

### HR change routemap

- Evaluation of current state of HR and HCM within the organisation
- Development of 'desired' state projection(s) through evaluation of e.g. positioning, service delivery, HR capability and technology

- Identification of specific activities to pursue in order to close gaps identified
- Generation of associated change routemap with accompanying HR Action Mandate.

### HR value benchmarking

- Comparison against normative, sector and internal benchmarks as appropriate.

The following applications represent current activity, with further details provided in the main report:

- Prioritising HR expenditure
- Engaging executive stakeholders in the development of an organisational HR Strategy
- Measuring the impact of new system introductions
- Aligning the HR team's understanding of delivery priorities
- Clarifying line expectations of HR delivery as a means of developing an HR value proposition.

### Sectors currently covered:

Private Sector
■ Business services
■ Chemicals
■ Construction/Engineering
■ Distribution
■ Financial services - Insurance
■ Financial services - Investment banking
■ Financial services - Retail banking
■ Financial services - Other
■ Food production
■ FMCG
■ Hotels
■ Leisure
■ Manufacturing/Mining
■ Media
■ Professional Service Firms
■ Pharmaceutical
■ Retail
■ Telecommunications
■ Transport
■ Utilities
Public Sector
■ Government - Agency
■ Government - Central
■ Government - Local
■ Health (NHS Trust)
■ Higher education
■ Police/Fire



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