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# SHRM<sup>®</sup> HUMAN CAPITAL CUSTOMIZED BENCHMARKING REPORT

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\*\*\*\* Fictitious Data \*\*\*\*

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SHRM 2011-2012 CUSTOMIZED  
HUMAN CAPITAL BENCHMARKING REPORT**

Your report is based on the following criteria:

**SELECTION CRITERIA**

**Industry:** Your Industry

**Staff Size:** Your Staff Size

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## A GUIDE TO YOUR SHRM® CUSTOMIZED BENCHMARKING REPORT

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### Understanding the Data

As you compare your own data against the other organizations, please keep the following in mind:

1. This report is based on data derived from the SHRM Customized Benchmarking Database, which contains data from a non-random collection of U.S. companies of all sizes and types. The report is designed to target companies that closely match the selected criteria to allow for a more focused and comparable analysis and interpretation. Therefore, any interpretations of these data should be kept within this context.

2. A deviation between your figure for any human capital measure and the comparative figure is not necessarily favorable or unfavorable; it is merely an indication that additional analyses may be needed. Human capital measures that relate more closely to the context of your organization's industry and employee size are more descriptive and meaningful than information that is more generic in nature, such as all industries combined. The larger the discrepancy

between your figure and those found in this report, the greater the need for additional scrutiny.

3. In cases where you determine that potentially serious deviations do exist, it may be helpful to go back and calculate the same human capital measure for your organization over the past several years to identify any trends that may exist.

4. The information in this report should be used as a tool for decision-making rather than an absolute standard. Because companies differ in their overall business strategy, location, size and other factors, any two companies can be well managed, yet some of their human capital measures may differ greatly. No decision should be made solely based on the results of any one study.

### Working With the Data

The information in this report is designed to be a tool to help you evaluate decisions and activities that affect your organization's human capital. When reviewing these data, it is important to realize that business

strategy, organizational culture, leadership behaviors and industry pressures are just a few of the many factors that drive various human capital measures. For example, an industry that generally hires nonskilled labor, such as manufacturing, may have a lower cost-per-hire than the high-tech industry, which hires specialized knowledge workers. This is because organizations in the high-tech industry may need to spend more to locate qualified staff and relocate out-of-town candidates. Absolute measures are not meaningful in isolation—they should be compared with one or more measures to determine whether a satisfactory level exists. Other measures, for example, might be your organization's past results in this area or comparatives based on organizational size, industry or geographic location.

Each table in the report contains customized benchmarks in aggregated form. There may be discrepancies between your organization's human capital benchmarks and the average or median numbers for a particular category. It is particularly helpful to communicate to line managers and other executives that just because your organization has benchmarks that are

different from the average or median, it does not mean they are favorable or unfavorable. Rather, it may be the result of a particular total rewards strategy, special circumstances or other business initiatives that cause differences with your organization's benchmarks.

## Notes

The data in this report were collected in the spring of 2011 and reflect fiscal years 2010 and 2011. The number of respondents, indicated by "n," is composed of the organizations that responded to the specific benchmark. Therefore, the number of peer organizations may vary from benchmark to benchmark. Some benchmarks are less frequently collected by organizations or may be more difficult to obtain. Some data are not displayed when there are fewer than five organizations for a specific metric.

The tables on pages 5 through 17 provide additional benchmarks for more profitable organizations. More profitable organizations were defined as organizations with a net-income-to-revenue ratio at or above the 60th percentile in the sample selected for the report.

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## SHRM CUSTOMIZED HUMAN CAPITAL BENCHMARKING REPORT

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### ORGANIZATIONAL DATA

	n	25th Percentile	Median	75th Percentile	Average
Revenue	13	\$4,250,000	\$16,325,000	\$87,500,000	\$80,000,000
Revenue per FTE	12	\$63,000	\$125,000	\$225,000	\$200,000
Net income before taxes	13	\$0	\$600,000	\$5,750,000	\$4,000,000
Net income before taxes per FTE	12	\$0	\$6,000	\$4,000,000	\$48,000

\* To ensure that the data are seen as credible, data for metrics with an “n” of less than 5 are not displayed.

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## SHRM CUSTOMIZED HUMAN CAPITAL BENCHMARKING REPORT

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### ORGANIZATIONAL DATA

	Positions Included Within the Organization's Succession Plan
n	24
Executive team	70%
Senior management	70%
Middle management	45%
Individual contributor: professional	30%
Individual contributor: nonprofessional	10%

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## SHRM CUSTOMIZED HUMAN CAPITAL BENCHMARKING REPORT

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### HR DEPARTMENT DATA

	n	25th Percentile	Median	75th Percentile	Average
Total HR staff	32	1.0	2.0	3.0	2.5
HR-to-employee ratio	22	0.75	1.00	1.50	1.45
Percentage of HR staff in supervisory roles	30	25.0%	50.0%	100.0%	75.0%
Percentage of HR staff in professional/technical roles	30	5.0%	10.0%	50.0%	30.0%
Percentage of HR staff in administrative support roles	30	5.0%	10.0%	30.0%	20.0%

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## SHRM CUSTOMIZED HUMAN CAPITAL BENCHMARKING REPORT

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### HR DEPARTMENT DATA

	Reporting Structure for the Head of HR
n	32
CEO/COO/ president/owner	60%
Chief human resource officer (corporate)	9%
Head of operating unit	9%
Chief financial officer	11%
Head of administration	5%
Other	4%

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## SHRM CUSTOMIZED HUMAN CAPITAL BENCHMARKING REPORT

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### HR DEPARTMENT DATA

	Types of HR Positions Organizations Expect to Hire in the Coming Year
n	32
Administrative support	41%
Benefits	10%
Compensation	7%
Director or above	16%
Diversity	2%
Generalist	36%
HRIS staff	10%
Recruiting	17%
Other	8%

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## SHRM CUSTOMIZED HUMAN CAPITAL BENCHMARKING REPORT

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### HR EXPENSE DATA

	n	25th Percentile	Median	75th Percentile	Average
HR expenses	24	\$50,000	\$100,000	\$300,000	\$450,000
HR expense to operating expense ratio	24	0.5%	1.0%	3.0%	2.0%
HR expense to FTE ratio	24	\$750	\$1,250	\$2,500	\$2,250

\* To ensure that the data are seen as credible, data for metrics with an “n” of less than 5 are not displayed.

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## SHRM CUSTOMIZED HUMAN CAPITAL BENCHMARKING REPORT

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### COMPENSATION DATA

	n	25th Percentile	Median	75th Percentile	Average
Annual salary increase	28	0.5%	3.0%	4.5%	3.5%
Salaries as a percentage of operating expense	24	15.0%	30.0%	60.0%	45.0%
Target bonus percentage for nonexecutives	28	0.0%	1.0%	4.0%	2.5%
Target bonus percentage for executives	28	0.0%	2.0%	8.0%	5.0%

\* To ensure that the data are seen as credible, data for metrics with an “n” of less than 5 are not displayed.

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## SHRM CUSTOMIZED HUMAN CAPITAL BENCHMARKING REPORT

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### TUITION/EDUCATION DATA

	n	25th Percentile	Median	75th Percentile	Average
Maximum reimbursement allowed for tuition/ education expenses per year	32	\$1,000	\$5,000	\$7,500	\$6,000
Percentage of employees participating in tuition/education reimbursement programs	32	1.0%	3.0%	5.0%	4.0%

\* To ensure that the data are seen as credible, data for metrics with an “n” of less than 5 are not displayed.

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## SHRM CUSTOMIZED HUMAN CAPITAL BENCHMARKING REPORT

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### EMPLOYMENT DATA

	n	25th Percentile	Median	75th Percentile	Average
Number of positions filled	32	5	10	30	45
Time-to-fill	32	10 days	20 days	30 days	25 days
Cost-per-hire	32	\$250	\$1,000	\$2,000	\$1,500
Average tenure	32	3.0 years	6.0 years	10.0 years	7.2 years
Annual overall turnover rate	32	1%	8%	16%	12%
Annual voluntary turnover rate	32	1%	3%	6%	10%
Annual involuntary turnover rate	32	1%	5%	10%	8%

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## SHRM CUSTOMIZED HUMAN CAPITAL BENCHMARKING REPORT

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### EXPECTATIONS FOR REVENUE AND ORGANIZATIONAL HIRING

	n	Increase	Decrease	Stay the Same
Percentage of organizations expecting changes in revenue in the coming year	28	55%	5%	40%
Percentage of organizations expecting changes in hiring in the coming year	28	30%	25%	45%

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## SHRM CUSTOMIZED HUMAN CAPITAL BENCHMARKING REPORT

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### HR DEPARTMENT AND EXPENSE DATA FOR MORE PROFITABLE ORGANIZATIONS

	n	Median	Average
Total HR staff	4	4.0	6.0
HR-to-employee ratio	4	1.00	2.00
HR expenses	4	\$200,000	\$400,000
HR expense to operating expense ratio	4	1.0%	3.0%
HR expense to FTE ratio	4	\$1,500	\$3,000

\* To ensure that the data are seen as credible, data for metrics with an “n” of less than 3 are not displayed.

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## SHRM CUSTOMIZED HUMAN CAPITAL BENCHMARKING REPORT

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### COMPENSATION DATA FOR MORE PROFITABLE ORGANIZATIONS

	n	Median	Average
Annual salary increase for the coming year	4	4.0%	3.0%
Target bonus percentage for nonexecutives	4	0.0%	2.0%
Target bonus percentage for executives	4	0.0%	4.0%

\* To ensure that the data are seen as credible, data for metrics with an “n” of less than 3 are not displayed.

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## SHRM CUSTOMIZED HUMAN CAPITAL BENCHMARKING REPORT

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### TUITION/EDUCATION DATA FOR MORE PROFITABLE ORGANIZATIONS

	n	Median	Average
Maximum reimbursement allowed for tuition/education expenses per year	4	\$5,000	\$5,000
Percentage of employees participating in tuition/education reimbursement	4	3.0%	4.0%

\* To ensure that the data are seen as credible, data for metrics with an “n” of less than 3 are not displayed.

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## SHRM CUSTOMIZED HUMAN CAPITAL BENCHMARKING REPORT

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### EMPLOYMENT DATA FOR MORE PROFITABLE ORGANIZATIONS

	n	Median	Average
Time-to-fill	4	25 days	30 days
Cost-per-hire	4	\$2,000	\$2,500
Annual overall turnover rate	4	10%	15%

\* To ensure that the data are seen as credible, data for metrics with an “n” of less than 3 are not displayed.

## HUMAN CAPITAL GLOSSARY OF METRIC TERMS, DEFINITIONS AND CALCULATIONS

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### Statistical Definitions

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#### “ n ”

The letter “n” in tables and figures indicates the number of respondents to each question. In other words, when it is noted that n = 25, it indicates that the number of respondents was 25.

#### Percentile

The percentile is the percentage of responses in a group that have values less than or equal to that particular value. For example, when data are arranged from lowest to highest, the 25th percentile is the point at which 75% of the data are above and 25% are below it. Conversely, the 75th percentile is the point at which 25% of the data are above and 75% are below it.

#### Median (50th percentile)

The median is the midpoint of the set of numbers or values arranged in ascending order. It is recommended that the median is used as a basis for all interpretations of the

data when the average and median are discrepant.

#### Average

The average is the sum of the responses divided by the total number of responses. It is also known as the mean. This measure is affected more than the median by the occurrence of outliers (extreme values). For this reason, the average reported may be greater than the 75th percentile or less than the 25th percentile.

### Organizational Data

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#### FTE

FTE is an abbreviation for full-time equivalent. Full-time equivalents represent the total labor hours invested. To convert part-time staff into FTEs, divide the total number of hours worked by part-time employees during the work year by the total number of hours in the work year (e.g., if the average work week is 37.5 hours, total number of hours in a work year would be 37.5 hours/week x 52 weeks = 1,950).

Converting the number of employees to FTEs provides a more accurate understanding of the level of effort being applied in an organization. For example, if two employees are job-sharing, the FTE number is only one.

## Revenue

In business, revenue is the amount of money that a company actually receives from its activities, mostly from sales of products and/or services to customers. To investors, revenue is less important than profit, or income, which is the amount of money the company has earned after deducting all of its expenses.

## Revenue per FTE

Revenue per FTE is the total amount of revenue received during an organization's fiscal year divided by the number of FTEs. This ratio conceptually links the time and effort associated with the firm's human capital to its revenue output. If the revenue-per-FTE ratio increases, it indicates that there is greater efficiency and productivity because more output is being produced per FTE. If the ratio decreases, it indicates there is less efficiency and productivity.

## Net Income Before Taxes

Net income before taxes is the amount of revenue received during the fiscal year minus the operating expenses during the fiscal year.

## Net Income Before Taxes per FTE

Net income before taxes per FTE is the net income before taxes divided by the number of FTEs. It calculates efficiency by taking

net income before taxes, which is the difference between gross revenue and expenses, and divides the outcome by the number of FTEs. Unlike revenue per FTE, which has only one factor—revenue—net income per FTE comprises two factors and is best looked at over time.

## Positions Included Within the Organization's Succession Plan

Succession planning varies by organization, and for that reason, these data indicate which positions organizations typically include when conducting succession planning. For example, some organizations may include only executive-level positions for succession planning, while others may include many executive, managerial and supervisory-level positions.

## HR Department Data

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### Total HR Staff

Total HR staff is the actual number of employees supporting the HR function for an organizational level.

### HR-to-Employee Ratio

The HR-to-employee ratio provides a more manageable way to compare HR staffing levels between organizations. It represents the number of HR staff per 100 employees supported by HR in the organization. The number is calculated by dividing the number of HR FTEs by the total number of FTEs in the organization and multiplying the outcome by 100:

$$\frac{\text{Total number of HR FTEs} \times 100}{\text{Total number of employee FTEs in the organization}}$$

### Percentage of HR Staff in Supervisory Roles

Percentage of HR staff in supervisory roles is calculated by taking the number of HR staff in supervisory positions (FTEs) and dividing it by the total number of HR staff (FTEs). Because positions in this category supervise others, they often are called supervisor, manager, director or above.

### Percentage of HR Staff in Professional/Technical Roles

The percentage of HR staff in professional/technical roles is calculated by taking the number of HR staff in professional/technical positions (FTEs) and dividing it by the total number of HR staff (FTEs). Positions in this category are generally exempt and do not supervise others. They may be called recruiter, benefits administrator, HR generalist, etc.

### Percentage of HR Staff in Administrative Support Roles

The percentage of HR staff in administrative support roles is calculated by taking the number of HR staff in administrative support positions (FTEs) and dividing it by the number by the total number of HR staff (FTEs). Often, but not always, positions in this category are nonexempt. They may be called coordinator, assistant, etc.

### Reporting Structure for the Head of HR

Reporting structure for the head of HR indicates to what position within the organization the head of HR reports. Occasionally, in very small companies, the head of HR may report to the CFO or head of an operating unit. In larger organizations,

the head of HR usually reports to the president or CEO.

### Types of HR Positions Organizations Expect to Hire in the Coming Year

This metric reflects the expectations for HR hiring, including the types of HR positions that organizations anticipate hiring in 2011.

## HR Expense Data

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### HR Expenses

Human resource expenses represent HR's total costs for a given fiscal year.

### HR-Expense-to-Operating-Expense Ratio

HR-expense-to-operating-expense ratio is calculated by dividing the organization's total HR expenses by the operating expenses for a given fiscal year. This ratio depicts the amount of HR expenses as a percentage of total operating expenses, which is an indication of the amount of dollars an organization invests in its HR function.

### HR-Expense-to-FTE Ratio

HR-expense-to-FTE ratio represents the amount of human resource dollars spent per FTE in the organization. It is calculated by taking the HR expenses for a given fiscal year and dividing that number by the number of FTEs in the organization.

## Compensation Data

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### Annual Salary Increase

Annual salary increase is the percentage of increase in salaries that an organization expects to provide to its employees for a given fiscal year.

### Salaries as a Percentage of Operating Expense

Salaries as a percentage of operating expense metric is calculated by dividing the total amount of employee salaries by the operating expense for a given fiscal year.

### Target Bonus Percentage for Nonexecutives

The target bonus for nonexecutives represents the average percentage of base pay that is targeted to be paid out in cash to nonexecutive staff during a given year.

### Target Bonus Percentage for Executives

The target bonus for executives represents the average percentage of base pay that is targeted to be paid out in cash to executive staff during a given year.

## Tuition/Education Data

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### Maximum Reimbursement Allowed for Tuition/Education Expenses per Year

The maximum reimbursement allowed for tuition/education expenses per year is the average amount, in dollars, the organization paid for tuition/education per employee. These expenses do not include training expenses for seminars and other activities

that are not part of a college- or university-level undergraduate or graduate course(s).

### Percentage of Employees Participating in Tuition/Education Reimbursement Programs

The percentage of employees participating in tuition or education reimbursement programs is the percentage of employees that participated in tuition reimbursement programs. These do not include reimbursements for seminars and other activities that are not part of a college- or university-level undergraduate or graduate course(s).

## Employment Data

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### Number of Positions Filled

Number of positions filled reflects the number of open positions for which individuals were hired during the fiscal year. Open positions could be filled either by internal or external candidates. "Hired" means the individual accepted the position during the fiscal year, but may not have started until the following year. This would occur mostly with those candidates who accept positions during the last month of the organization's fiscal year.

### Time-to-Fill

Time-to-fill represents the number of days from when the job requisition was opened until the offer was accepted by the candidate. This number is calculated by using calendar days, including weekends and holidays.

### Cost-Per-Hire

Cost-per-hire represents the costs involved with a new hire. These costs include the sum of advertising agency fees, employee referrals, travel cost of applicants and staff, relocation costs, and recruiter pay and benefits divided by the number of hires.

### Employee Tenure

Employee tenure is the average length of employment in years for all regular full- and part-time employees in a given fiscal year. Typically, the more loyal employees are to a firm, the higher the employee tenure. To calculate the employee tenure length, calculate the average number of months all regular full- and part-time employees in a given fiscal year have been employed at an organization and divide that number by 12.

### Annual Overall Turnover Rate

Annual overall turnover rate is the rate at which employees enter and leave a company in a given fiscal year. Typically, the more loyal employees are to a firm, the lower the turnover rate. A 100% turnover rate from year to year means that as many employees left the company as were hired. To calculate annual turnover, first calculate turnover for each month by dividing the number of separations during the month by the average number of employees during the month and multiplying by 100:  $\# \text{ of separations during month} \div \text{average} \# \text{ of employees during the month} \times 100$ . The annual turnover rate is then calculated by adding the 12 months of turnover percentages together.

### Annual Voluntary Turnover Rate

Annual voluntary turnover rate is the rate at which employees enter and voluntarily leave a company in a given fiscal year. To calculate annual voluntary turnover, first calculate the voluntary turnover for each month by dividing the number of voluntary separations during the month by the average number of employees during the month and multiplying by 100:  $\# \text{ of voluntary separations during month} \div \text{average} \# \text{ of employees during the month} \times 100$ . The annual voluntary turnover rate is then calculated by adding the 12 months of voluntary turnover percentages together.

### Annual Involuntary Turnover Rate

Annual involuntary turnover rate is the rate at which employees enter and involuntarily leave a company in a given fiscal year. For example, involuntary terminations occur when the organization asks the employee to leave the company. They usually occur as a result of poor performance, layoffs or other reasons. To calculate annual involuntary turnover rate, first calculate involuntary turnover for each month by dividing the number of involuntary separations during the month by the average number of employees during the month and multiplying by 100:  $\# \text{ of involuntary separations during month} \div \text{average} \# \text{ of employees during the month} \times 100$ . The annual involuntary turnover rate is then calculated by adding the 12 months of turnover percentages together.

## Expectations for Revenue and Organizational Hiring

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### Percentage of Organizations Expecting Changes in Revenue in the Coming Year

The expectations for revenue change indicate whether HR professionals anticipate their organization's revenue to increase, decrease or stay the same in 2011 compared with 2010.

### Percentage of Organizations Expecting Changes in Hiring in the Coming Year

The expectations for changes in hiring indicate whether HR professionals anticipate their organization's hiring activity to increase, decrease or stay the same in 2011 compared with 2010.

### More Profitable Organizations

More profitable organizations were defined as organizations with a net-income-to-revenue ratio at or above the 60th percentile in the report sample.