



High performance. Delivered.

The High-Performance Workforce Study 2006

Overview of Survey Findings: Germany

- The Accenture High Performance Workforce Study is conducted approximately every 18 months to measure workforce management trends among executives in large corporations
 - Executives surveyed include 251 CEOs, COOs, CFOs, CIOs, senior-most HR executives, senior-most learning executives
 - Survey conducted in the US, UK, Australia, Spain, Germany and France
 - 61 respondents in US
 - 39 in the UK
 - 50 in Germany
 - 39 in France
 - 29 in Spain
 - 33 in Australia
 - Research conducted by GfK NOP Limited on behalf of Accenture
 - Data collected between February and April 2006
 - Companies ranged in size from US\$240 million to more than US\$10 billion in annual revenues

Workforce Issues

- Respondents report that their workforces lack the skills their companies need to achieve market leadership
- Even functions respondents consider critical – sales, customer service, finance and strategic planning – do not perform as strongly as they should
- Few said the vast majority of their employees understand their companies' strategy and what's needed to be successful in their industry

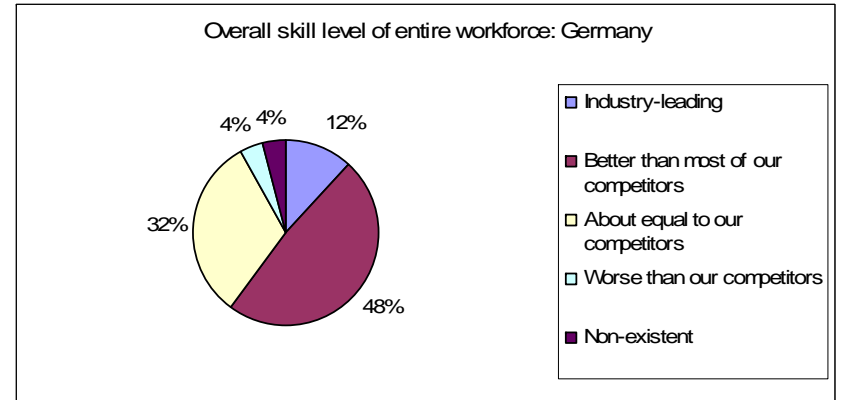
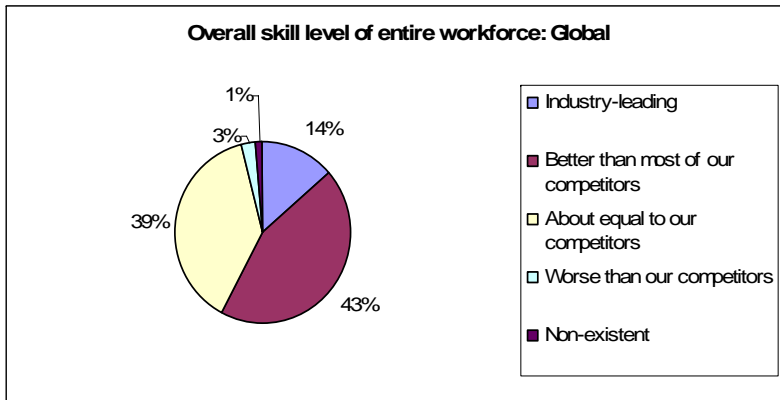
Reasons for Performance Shortcomings

- These shortcomings can be attributed, in part, to several key human resources- and training-related findings, including:
 - A lack of connection to business drivers
 - Failure to measure the business impact of HR and training efforts
 - Ineffective or non-existent knowledge capture and sharing capabilities
 - The talent time bomb
 - Lack of functional leaders' involvement in people issues

Human Performance Leaders

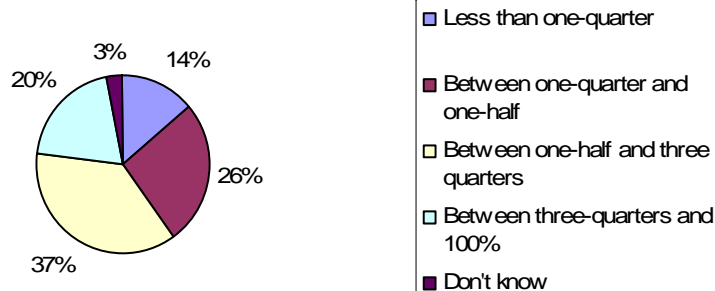
- The research identified a group of “human performance leaders” -- companies in which the three functions their executives deem to be most important perform at the highest levels
- They are also more likely to be successful in addressing the organizational issues that contribute to financial performance:
 - Acquiring new customers, increasing market share
 - Encouraging strong customer loyalty and retention
 - Responding to changing market conditions
 - Finding, developing talented executives
 - Attracting, retaining skilled staff
 - Managing risk
- They also have more effective HR and training support, as well as:
 - Formal measures gauging the impact of all HR/training activities on their top functions
 - HR/training support tailored to the contribution of specific functions
 - A more strategic approach to human resources/training, including viewing the HR function leader as a strategic business partner to the executive suite

- The workforce is not achieving high performance in most respondents' companies
 - 12 percent of German respondents described the overall skill level of their organization's entire workforce as industry leading, compared to 14 percent in the overall sample

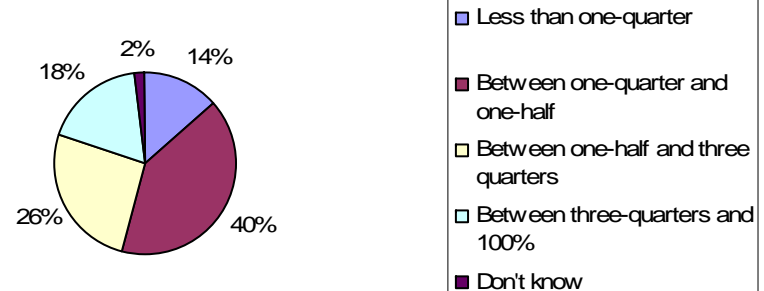


- And just 18 percent of German respondents (20 percent globally) said the vast majority (more than three-fourths) of their employees understand the company's strategy and what's needed to be successful in their industry.
 - 54 percent (40 percent globally) said less than half of their entire workforce has such an understanding

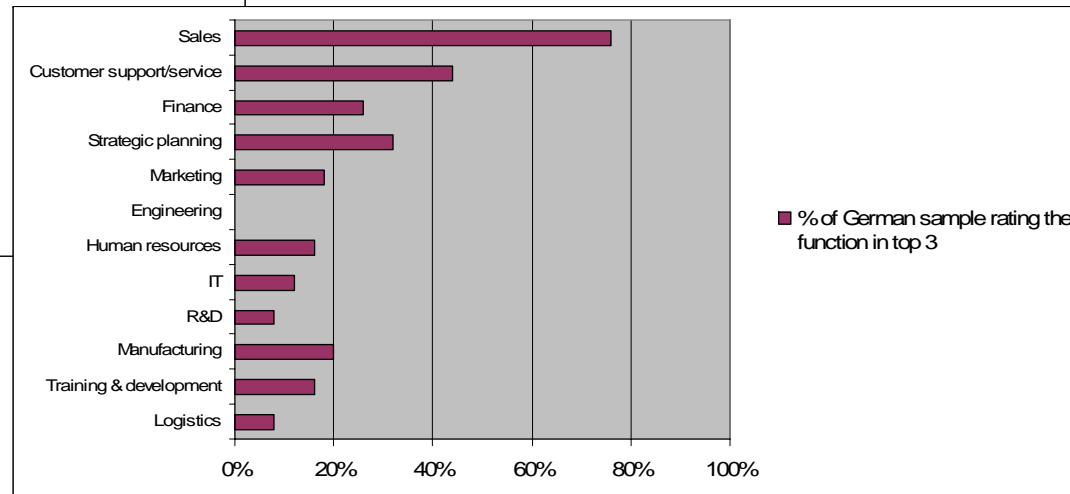
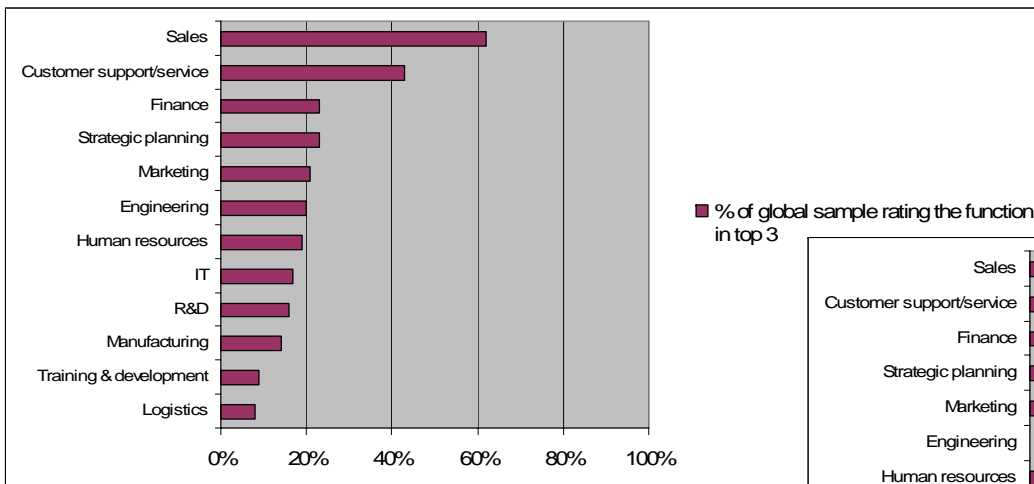
Percentage of employees that understand the organization's strategy: Global



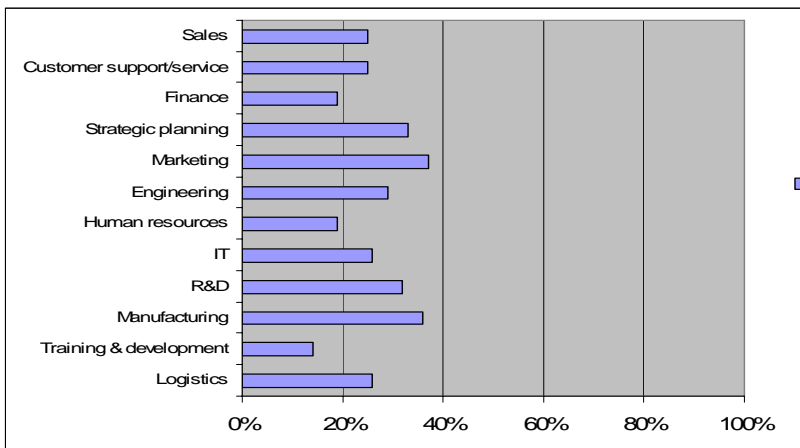
Percentage of employees that understand the organization's strategy: Germany



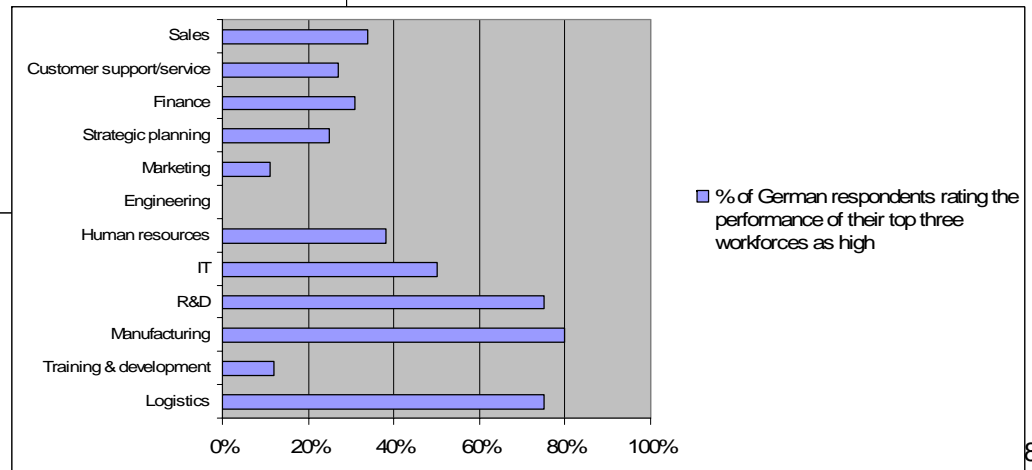
- Even functions respondents considered critical are not performing at a high level
 - Globally, sales (62 percent), customer service (43 percent), and finance and strategic planning (tied with 23 percent) were seen by the largest percentage of respondents as being among their three most important functions
 - Likewise, in Germany the three most critical were sales (76%), customer service (44%), and strategic planning (32%)



- However, few respondents described the performance of their top three functions as high:
 - Sales (25 percent globally, 34 percent in Germany)
 - Customer service (25 percent globally, 27 percent in Germany)
 - Finance (19 percent globally, 31 percent in Germany)
 - Strategic planning (33 percent globally, 25 percent in Germany)
 - Marketing (33 percent globally, 25 percent in Germany)
 - Engineering (28 percent globally, 0 percent in Germany)
 - Human resources (19 percent globally, 38 percent in Germany)
 - IT (25 percent globally, 50 percent in Germany)
 - R&D (33 percent globally, 75 percent in Germany)
 - Manufacturing (33 percent globally, 80 percent in Germany)
 - Training & development (13 percent globally, 12 percent in Germany)
 - Logistics (25 percent globally, 75 percent in Germany)



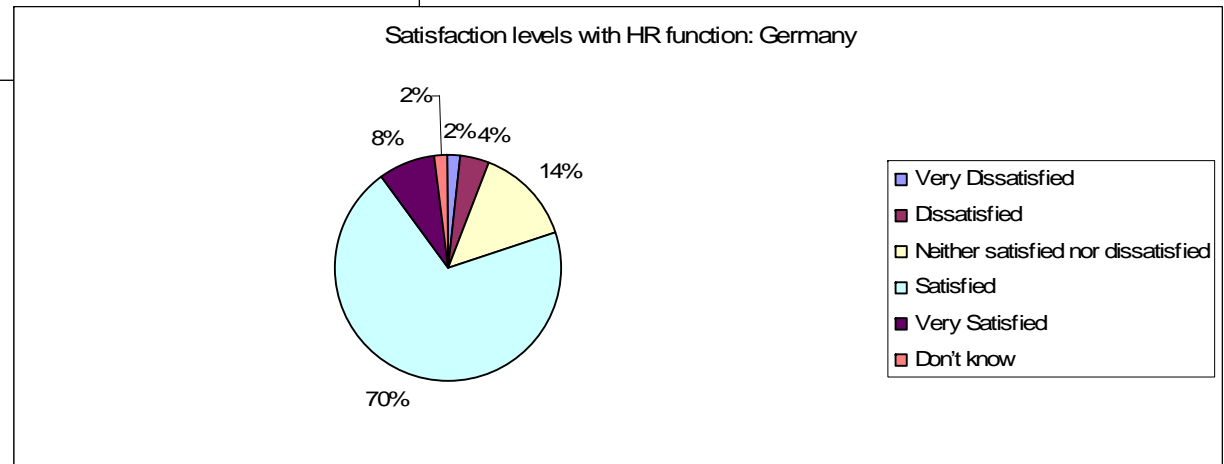
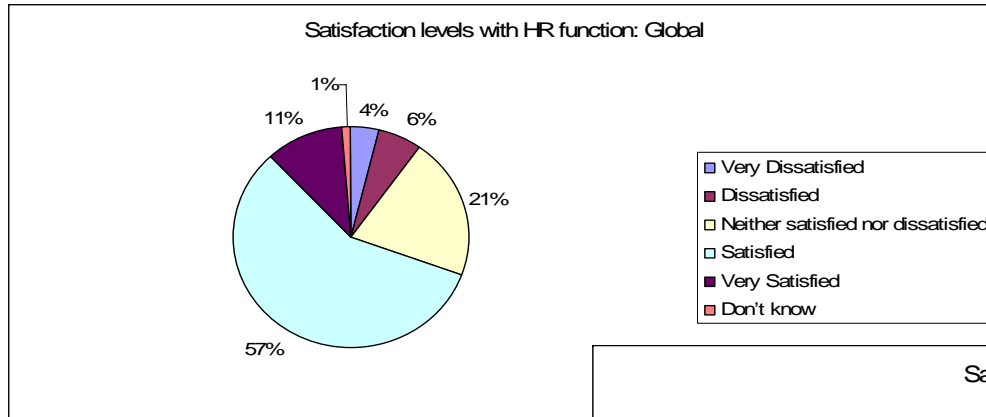
■ % of global respondents rating the performance of their top three workforces as high



■ % of German respondents rating the performance of their top three workforces as high

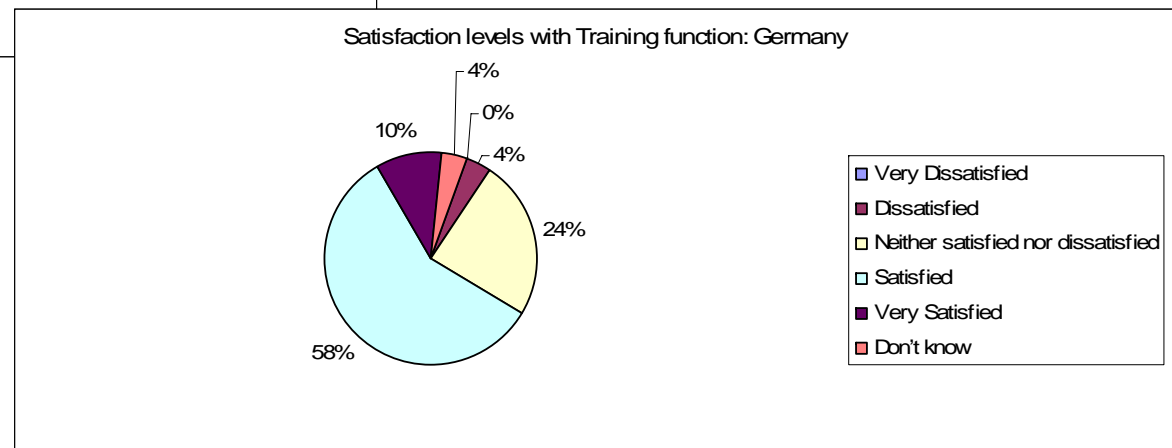
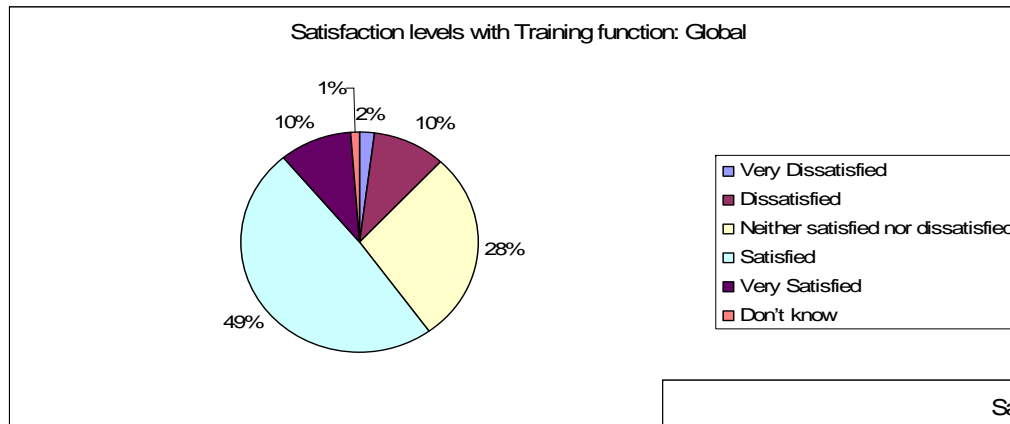
Reasons for Performance Shortcomings

- The HR and training functions clearly have work to do in the eyes of many respondents
 - Only 11 percent globally and 8 percent in Germany said they are very satisfied with the performance of their HR function.



Human Resources/Training (cont'd)

- Likewise, only 10 percent in Germany and globally said they are very satisfied with training.



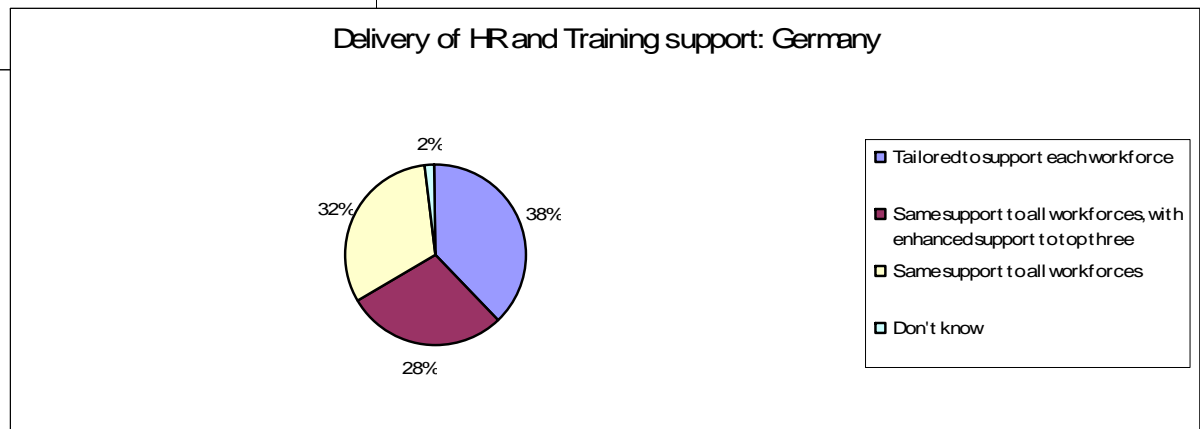
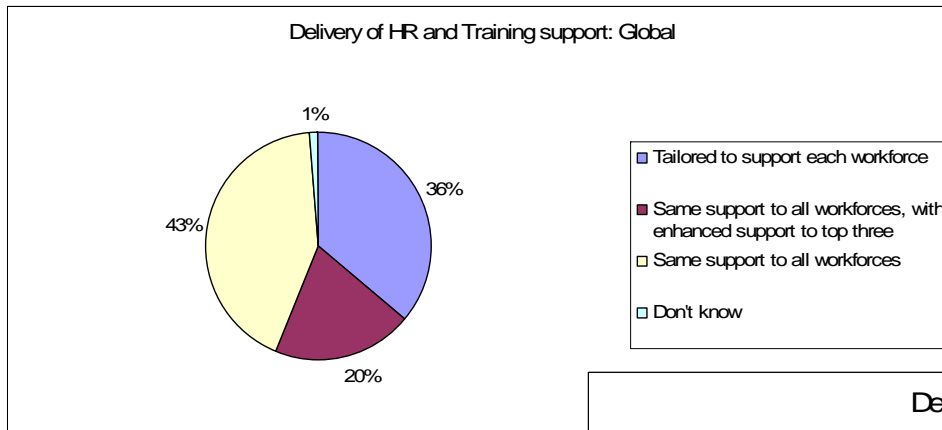
Human Resources/Training (cont'd)

- In Germany, human resources and training were ranked 8th and 7th respectively (out of 12 functions) in terms of their importance to the overall organization. This compares to rankings of 7th and 11th in the overall sample.
 - Only 16 percent of German respondents (19 percent globally) cited human resources as one of their three most critical workforces, and of those, only 38 percent (19 percent globally) said their HR function was performing at a 'high' level
 - Likewise, for training just 16 percent (9 percent globally) named it a top-three workforce, and of those respondents only 13 percent considered training to be performing at a 'high' level
 - And, regardless of the primary goal of their training function, less than 10 percent of German or global respondents said they are making exceptional progress toward meeting those objectives.



Lack of Connection to Business Drivers

- In many organizations, HR-related initiatives are not strongly connected to the key areas that drive the business
 - Only 38 percent of German respondents (vs. 36 percent globally) said their companies tailor their HR and training support to each function's needs and contributions to the organization.

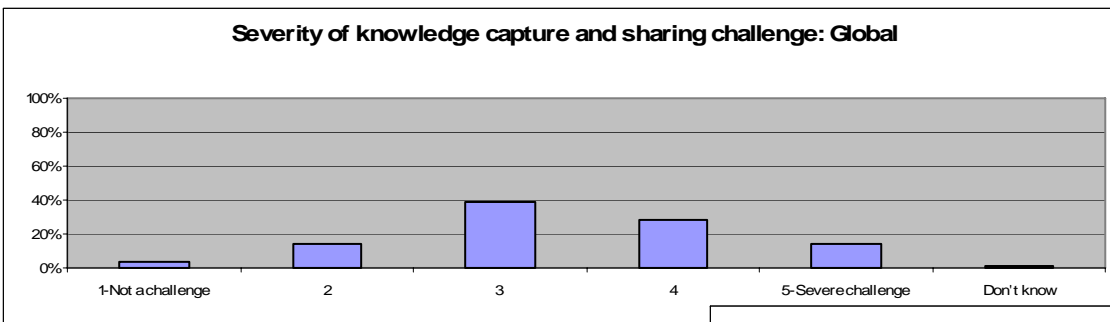


- Many companies do not measure the business impact of HR and training efforts, or they use metrics that don't necessarily translate into business results
 - 40 percent (versus 37 percent globally) said they had no formal measures to gauge the impact of their HR/training efforts on the performance of their top three workforces, while 42 percent (vs. 39 percent globally) said they have such measures but only for some HR and training initiatives
 - 72 percent of German respondents said they do not use margin/profitability to measure HR and 70 percent do not use margin/profitability to measure training (vs. 41 percent globally for both HR and training)
 - 74 percent do not use revenues/sales to measure HR and 80 percent do use revenues/sales to measure training (vs. 50 percent globally for both functions)
 - Globally, customer satisfaction & retention, employee attraction & retention, and employee productivity are the most common metrics. In Germany, the top three are employee attraction & retention, reducing HR costs/managing to budget, and customer satisfaction/retention and productivity (tied for third) for HR.
 - For training, Germany respondents rated employee attraction & retention, customer satisfaction/retention and reducing HR costs/managing to budget as the most common metrics

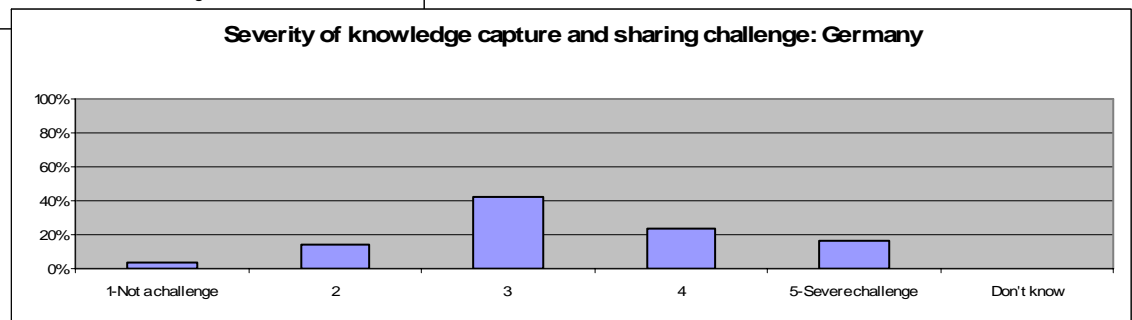
Knowledge Capture and Sharing

- Respondents reported ineffective or non-existent knowledge capture and sharing capabilities.
 - 40% of German respondents (vs. 42% globally) described knowledge capture and sharing as a challenge or severe challenge for their company.
 - In Germany, the most commonly cited impediments to better knowledge capture and sharing were:
 - “Lack of a common business culture across different locations/units” (40%), “We have multiple different technologies in place and they don’t mix” (30%), and “There is no knowledge support infrastructure with dedicated people” (25%)

Severity of knowledge capture and sharing challenge: Global



Severity of knowledge capture and sharing challenge: Germany



The Talent Time Bomb

- 78% of German respondents (60% globally) said that they expect to begin feeling the impact of the aging workforce over the next five years
 - Of those, 26% (28% globally) said they are feeling the impact now

Impact of aging workforce on your organization: Global



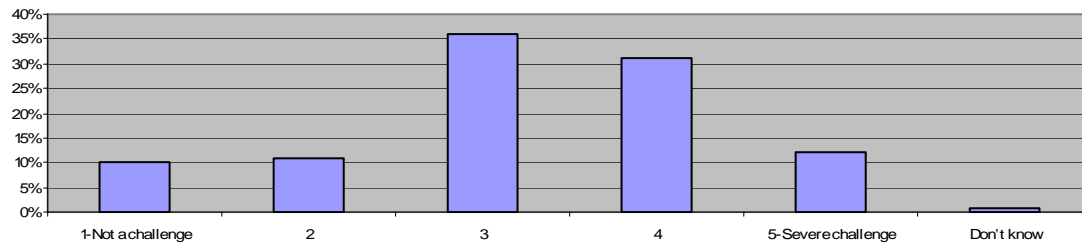
Impact of aging workforce on your organization: Germany



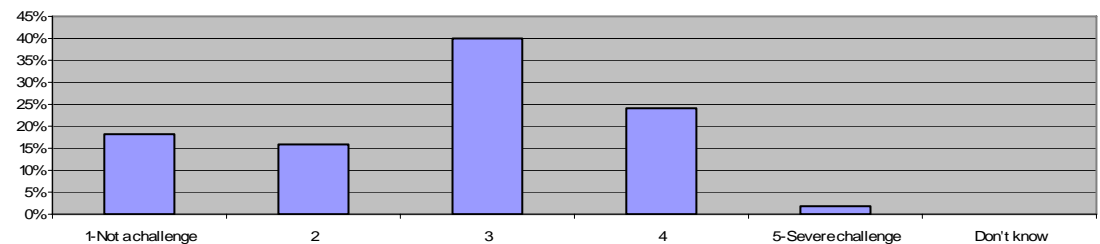
The Talent Time Bomb (cont'd)

- 26% (43% globally) said talent sourcing is a challenge or severe challenge today. In Germany, this is primarily because respondents' industries were not viewed as attractive career choices. Globally, the biggest challenge is a shrinking talent pool.

Severity of talent sourcing challenge: Global



Severity of talent sourcing challenge: Germany





Human Performance Leaders

- Average or below-average performance is not universal in our survey: 9% of participating companies emerged as “human performance leaders”
 - Companies whose top three functions perform at the highest levels (i.e., those whose performance respondents rated a “5”)
- These human performance leaders are more likely to be successful in addressing the factors that contribute to strong financial performance
- They also are more likely to generate consistently better financial performance over the longer term



What's Different About Leaders--Results

Leaders are more likely to rate all organizational factors as very important to achieving strong financial performance.

Organizational issue	% Leaders rating issue a 5 (very important)	% Laggards rating issue a 5 (very important)
Infusing innovation across the organization	52%	21%
Managing risk	52%	32%
Dealing with the regulatory environment	61%	31%
Generating superior business value from its technology investments	39%	23%
Acquiring new customers & increasing market share	83%	58%
Building strong customer loyalty	74%	55%
Bringing new products or services to market quickly	35%	23%
Having a flexible organization that can respond to changing market conditions	57%	37%
Finding and developing talented leaders	52%	34%
Attracting and retaining skilled staff	74%	39%
Having a high-performance mindset in your workforce	74%	35%



High Marks for Performance

Leaders are more likely to say they perform very well in in all of these areas

Organizational issue	% Leaders rating how well they perform in this area a 5 (very well)	% Laggards rating how well they perform in this area a 5 (very well)
Fosters innovation across the organization	26%	5%
Manages risk	35%	15%
Deals with the regulatory environment	35%	22%
Generates superior business value from its technology investments	35%	15%
Acquires new customers & increases market share	43%	14%
Builds strong customer loyalty	52%	17%
Brings new products or services to market quickly	26%	7%
Responds to changing market conditions	52%	14%
Finds and develops talented leaders	39%	7%
Attracts and retains skilled staff	30%	12%
Sustains a high-performing mindset in your workforce	48%	12%



Effective HR/Training Support

Leaders are more likely to provide more effective HR and training support of their top functions

% saying support of top three functions in these areas is highly effective (a 5 rating)	Leaders	Laggards
Recruiting	39%	11%
Career development	26%	6%
Performance measurement	48%	4%
Leadership development	39%	8%
Change management	30%	4%
Knowledge capture and transfer	30%	1%
Knowledge management	30%	1%
Learning	39%	6%
Rewards, recognition and compensation	39%	7%
Aligning workforce skills with business priorities	35%	5%



Appropriate Measurement of HR/Training's Impact

Leaders are more likely to have and use formal, business-focused metrics to gauge the impact of HR and training

Measuring HR/training impact	Leaders	Laggards
Formal measures gauging impact of all HR/training support activities on top three workforces	35%	19%
Margin/profitability as a measure to gauge HR function's success	65%	56%



HR/Training Tied to the Business

Leaders are more likely to more closely tie their HR and training service delivery and support to the business

HR and training delivery/support	Leaders	Laggards
% delivering HR services via an HR business partner working in the business units	43%	24%
% tailoring their HR and training support according to their needs and contribution to overall business performance	43%	31%



Strategic Approach to HR/Training

Leaders tend to approach HR and training as more strategic to the overall business

	Leaders	Laggards
% having the head of HR reporting to the CEO	65%	61%
% saying the HR head is viewed as a strategic business partner to the executive suite	83%	77%
% saying training is highly strategic	30%	15%

Leaders are more likely to have the heads of their top functions deeply engaged in HR issues and people management

% of heads of top three functions “highly involved” in human capital management initiatives	Leaders	Laggards
Sales	69%	29%
Customer service	60%	24%
Engineering	67%	16%
R&D	62%	28%
Strategic planning	40%	23%
Marketing	50%	8%
IT	50%	15%
Logistics	50%	9%