



Bridging the Workforce Productivity Gap in Canada:
Time to start Engaging the Right Solutions.

Canada is Losing Ground against our Biggest Competitors

Canada's productivity is declining. We are not keeping up.

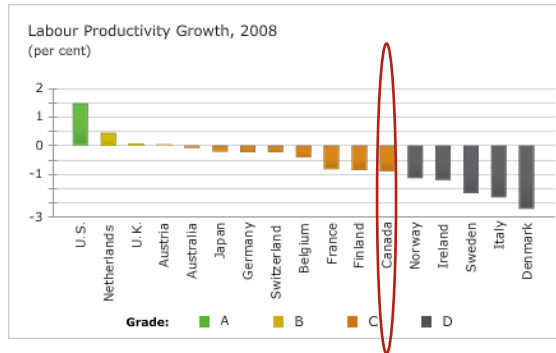
- ❖ The major economies are stalled or sluggish
- ❖ Our strong petro-dollar is hurting exports
- ❖ Household spending is conservative
- ❖ Manufacturing and tourism hit hard
- ❖ Labour unrest and work disruptions on the increase

It's not Government's job. It is up to us to lead.



Putting labour productivity growth in context

Productivity is the single most important determinant of a country's per capita income over the longer term. Countries that are innovative and able to adapt to the ebb and flow of the new global economy boast high productivity and thus a superior standard of living. Productivity is a measure of how efficiently goods and services are produced.



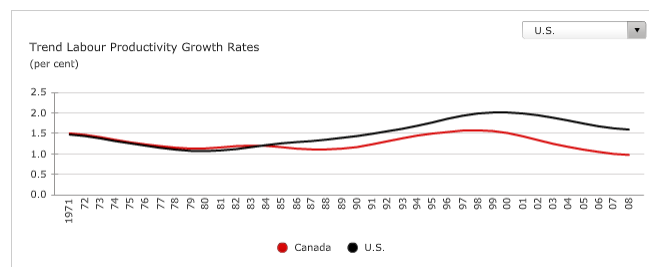
Conference Board of Canada



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Losing ground to our biggest trade partner

Only the U.S. had a higher trend productivity growth rate in 2008 than in 1970. Canada's trend productivity growth matched that of the U.S. in the 1970s, first began to lag in the mid-1980s, and has since remained disappointingly low. The gap continues to widen.



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Country	Time 2011					
	Variable	Gross Domestic Product, current prices, national currency millions	Gross Domestic Product, current prices, USD millions	Total employment (number of persons, snapped)	GDP per hour worked, current prices, USD	GDP per hour worked as % of USA (USA=100)
Norway		2720499	306441	2636	81.5	135.1
Luxembourg		42822	46526	368	78.9	130.3
Ireland		19999	19999	444	66.4	110.3
United States		15011000	15011000	139234	60.3	100
Netherlands		602105	715154	8670	59.8	99.2
Belgium		368304	424966	4554	59.2	98.1
France		1996583	2289849	26891	57.7	95.7
Germany		2570800	3204595	41096	55.3	91.6
Denmark		1782515	227935	2806	53.2	88.2
G7 countries			30509860	342569	52.8	87.5
Switzerland		564947	388034	4714	51.7	85.7
Sweden		3482471	390407	4603	51.6	85.6
Austria		300241	354235	4305	51.4	85.3
Euro area			11717972	146368	50.9	84.4
Finland		191571	205154	2483	49.1	81.3
Australia		1475931	946361	11556	48.6	80.5
Spain		1073383	1499111	18413	48.1	79.8
United Kingdom		1507585	2223367	29146	46.9	77.8
Canada		1718685	1594496	17617	46.2	76.6
Italy		1580220	2001008	24743	45.6	75.6
OECD-30			4298622	549669	45.5	74.8
OECD Total			43497190	555451	44.1	73.1
Japan		468465700	4385554	63842	39.8	65.9
Iceland		1630150	115111	168	39.6	65.6
Slovenia		35639	56250	942	35.9	59.5
New Zealand		304340	433460	922	34	56.4
Greece		215088	304621	4425	33.9	56.2
Israel		669945	216343	3316	33.8	56.1
Slovak Republic		69058	130676	2208	33	54.7
Portugal		171016	270016	4861	32.5	53.8
Czech Republic		3809311	274683	5067	30.6	50.7
Korea		1237128200	1506004	24244	28.3	47
Turkey		1294893	1286638	24465	28.1	46.5
Hungary		28080322	214912	4044	26.8	44.5
Poland		1524679	614391	16032	26.2	43.5
Estonia		15973	26402	589	25.9	43
Russian Federation		54555623	3015670	60285	22	36.4
Chile		120232603	298947	6998	20.9	34.6
Mexico		14302341	1746713	46371	16.7	27.8

Canada's productivity trails the G7 average by a wide margin and actually sits closer Greece than to the US.



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The Impact is Very Real.

Had Canada's Labour Productivity growth kept pace with that of the US between 1988 and 2008,

- ❖ Consumer spending would have been 25.5% higher
- ❖ Real GDP would have been 21.3% higher
- ❖ Total investments by businesses and government would have been \$51-Billion higher
- ❖ Your **personal disposable income would be \$7500 higher** than it is today

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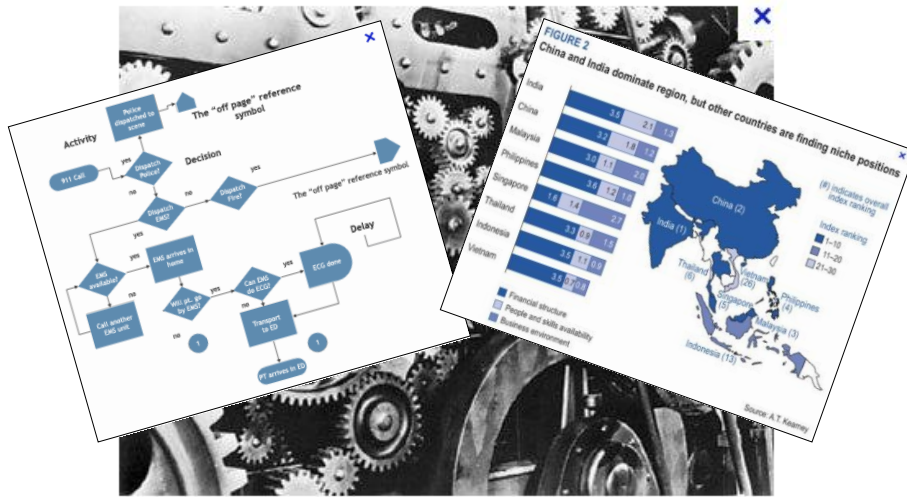
Since the first quarter of 2006, productivity has grown 0.1 per cent a year in Canada. In the United States, it has grown an average of 9.8 per cent.

Globe and Mail



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We need to find new levers of performance



The law of diminishing returns kicked in a while ago.

What are we missing?



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CEOs: "Execution is where I am most vulnerable"



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The building blocks of execution



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Who's executing the plan?

- ❖ One hire in five is a success, from the perspective of both the manager and the employee

Source: Leadership IQ



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Not much depth

- ❖ 46% of new hires leave their jobs within the first year, and 50% of current employees are actively seeking or planning to seek a new job.

Source: eBullpen; Deloitte



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Misapplied energy

- ❖ 14% of the workforce spends more than half their day working from their natural strengths

Source: Buckingham et al



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Training is often a poor investment

- ❖ 13% of training is retained after six months... billions of dollars are wasted annually in North America as a result of 'spray and pray'.

Source: Xerox; Clemmer Group



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What little time managers have, is poorly spent

- ❖ 18% of managers' time (roughly one day in five) is spent resolving staff personality conflicts.

Source: Accountemps



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Losing money on the bottom line

- ❖ Less than 30% of the workforce is fully engaged in their work
- ❖ 23% of Payroll Dollars is non-productive (not counting operating inefficiencies)

Source: Gallup and others



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We have lost direction

- ❖ 94% of senior HR Professionals surveyed assert that their current workforce is *unprepared to deliver on company goals and meet business challenges*

Source: Talent Management Magazine



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Impact to the Business

What *inefficiencies* are being hidden,
and what *costs* are *buried* in your P&L,
as a direct result of
a reliance on the wrong metrics?



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One inescapable conclusion:

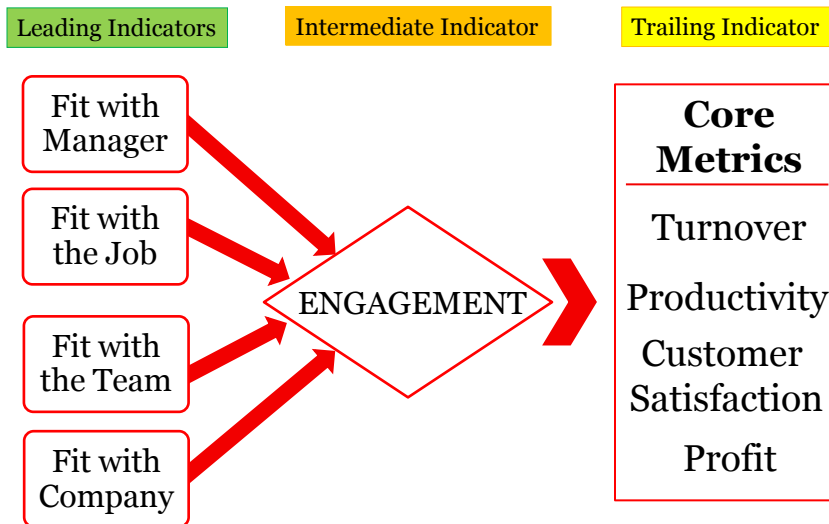


We've Been Measuring
the Wrong Things...



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Human Capital: Measuring what Matters



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Working with new levers of performance

Putting *Fit* and *Relationships* to work...



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Characteristics of High Performing Organizations

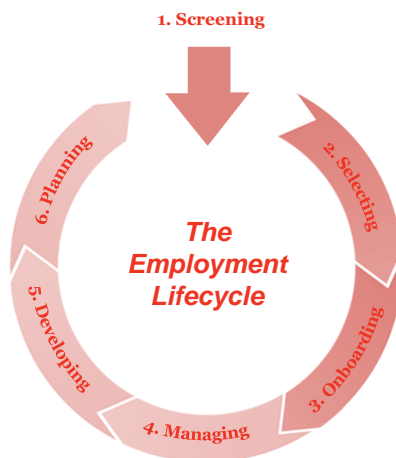
1. They collect the information that matters at every step in the process...
2. The data collected is used throughout the employee lifecycle... and
3. There is a measurement and feedback loop that supports continuous improvement

Activities are **Intentional**, **Systematised**, and **Leveraged**



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Gather the right information, and use it from Recruitment to Retirement



The right tools can enhance productivity *throughout* the employee lifecycle:

- Screening
- Selecting
- On-boarding & ramping up
- Managing
- Developing
- Planning



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Good information enables better management of your workforce

We are often more judicious about a new photocopier than we are about our people.



- ❖ When we purchase equipment we check the specs
- ❖ When we install equipment we read the instructions
- ❖ When it is not working right, we check the manual

What if your employees came with a manual?

Managers need better information on how to manage their people

You need better information to guide strategic workforce planning



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Hard Business Results?

Following an intentional process and measuring what matters will also result in...

- ❖ Lower turnover
- ❖ Fewer injuries
- ❖ Less lost time and sick days
- ❖ Fewer grievances
- ❖ Happier managers
- ❖ Higher CSI
- ❖ Hiring requirements reduced by 40% in the following year



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Bridging the Productivity Gap

- ❖ We have good reason to be restless, dissatisfied and impatient. The *status quo* is bad and getting worse.
- ❖ It is clearer than ever that what got us here... won't get us there.
- ❖ Your role is to bring clarity, perspective and new information. Learning to measure what matters in HR is critical to success.
- ❖ Learn from the top performers: invest in activities that are **Intentional**, **Systematised**, and **Leveraged**.
- ❖ Weak execution = big risk/big opportunity.

More than ever before, it is time for us to lead.



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