MERCER'S HR SCALE MODELING TOOL

STREAMLINE THE SIZE OF THE HR FUNCTION FOR EFFICIENT SERVICE DELIVERY

YOUR BUSINESS NEEDS TO RIGHT-SIZE HR

The demands on HR have become increasingly complex as HR is asked to support and enable business strategy in today's competitive environment. This means the HR function is under pressure to deliver effective and efficient HR services aligned to the business strategy. Increasingly, we see our clients asking the critical question that arises from this challenge:

"How many employees does our HR function need?"

The HR Modeling Tool was developed by our HR Transformation experts to guide you to the right answer to this all-important question.

OUR MODELING TOOL ASSESSES HR SIZING FROM MULTIPLE PERSPECTIVES

The HR Modeling Tool will facilitate making informed headcount decisions by estimating the required size and cost of each area within your HR function. Our tool reflects Mercer's leading approach to sizing that integrates the following factors:

- Current state of your HR function as well as any planned future changes.

- External benchmarks for HR areas that can be compared across different organizations.

- Internal rules or ratios for HR areas unique to your company.

- Business factors to reflect your organization's operational reality.

Based on the results of our analysis, you will gain insight into the right size for your HR team within your HR function. In addition, an integrated costing component of the tool will provide you with the ability to estimate and model the potential financial impact.

When to use the HR Modeling Tool

Mercer's HR Modeling Tool can help in some of these situations:

- HR cost or headcount reduction.

- Deployment of new HR technologies and need to change HR roles and focus.

- HR restructuring.

- HR function integration due to merger or acquisition.

MERCER APPROACH TO HR SIZING AND COSTING

CURRENT ORGANIZATION DESIGN
Current organization design is used as a point of reference for any potential adjustments.

FUTURE ORGANIZATION DESIGN
Future organization design informs the choice of benchmarks, internal ratios, and business factors used for sizing.

EXTERNAL BENCHMARKS
External benchmarks inform the size of HR functions that can be compared across different organizations.

INTERNAL RULES
The size of certain HR functions is best informed by rules or ratios that are unique to your organization.

BUSINESS FACTORS
Impact of business factors is captured by applying modifiers to rules and benchmarks; this results in a consistent application of judgment.

OUR PROCESS: WE CUSTOMIZE THE TOOL TO MEET YOUR NEEDS

We understand your organization is unique, and our HR Modeling Tool reflects this through the following customization process:

1. Your organizational data is collected and uploaded into the model. This data can be updated during the sizing process or at any time in the future.

2. Detailed sizing tabs are customized to reflect the structure of your HR function.

3. Benchmarks and rules are agreed upon and applied to calculate preliminary results.

4. Your HR leaders provide input on how critical business factors may affect the size of various HR areas, allowing us to moderate and "flex" how we interpret certain benchmarks.

5. The sizing figures are reviewed by the HR leadership, taking into consideration the associated costs; final adjustments are made as needed.

The HR Modeling Tool is built using Microsoft Excel, which provides you with a familiar and easy-to-use interface. To help you apply this powerful tool in the future, we provide you with our detailed User Guide and Administrator Handbook.

THIS TOOL WILL ENABLE LEADERSHIP BUY-IN TO THE PROCESS

We know headcount decisions often face resistance; therefore, leadership alignment is an important element in successfully implementing these changes. Our HR Modeling Tool facilitates HR leadership buy-in in multiple ways:

- The HR Modeling Tool brings structure to a complex and iterative process. Through objective application of benchmarks and rules to each HR area, the outcomes are defensible to all involved stakeholders.

- The sizing analysis is based on your organization's data and operating environment. By consolidating this information in one place, you'll discover and close any data and knowledge gaps required for informed decision-making.

- The final sizing outcome allows HR leaders to apply their business judgment in a structured way, reducing biasing and increasing engagement.

HR MODELING TOOL SAMPLE OUTPUTS

Business Unit	Current number of employees	Benchmark for HRBP Support	Business Factors / Modifiers		
			Business Unit Complexity	Business Unit / Function Span	Overall Modifier to Baseline
Corporate	24,664	1:830	More HR FTE's	More HR FTE's	125%
Consumer	6,297	1:830	Normal	Normal	100%
Business	3,673	1:830	Fewer HR FTE's	Fewer HR FTE's	75%
AMERICAS	6,297	1:830	Normal	Normal	100%
EMEA	6,822	1:830	More HR FTE's	Fewer HR FTE's	100%
APAC	2,623	1:830	Normal	Normal	100%
Total	52,478				

Country	Country Employee Population	Status as of end of FY18		
		SSC	ER Hub	Overall SSC & ER Hub Status
Argentina	246	Live	Live	Live
Australia	1,289	Live	Live	Live
Turkey	867	Live	Live	Live
United Kingdom	542	Live	Live	Live
United States	12,945	Live	Live	Live
Uruguay	467	Live	Live	Live
Vietnam	340	Live	Not Live	Not Live
Total	52,174			

Country	Country Employee Population	Final Support		Costing	
		Future HR Advisor Support Required	Future vs Current HR Advisor Support	Future HR Advisor Support Required	Future vs Current HR Advisor Support
Argentina	246	2	1	197,972	109,984
Australia	1,289	0	(2)	0	(139,655)
Turkey	867	2	(1)	163,895	(81,947)
United Kingdom	542	3	0	245,842	0
United States	12,945	2	2	175,975	175,975
Uruguay	467	1	1	87,988	87,988
Vietnam	340	2	2	139,655	139,655
Total	52,174	12	3	1,011,327	292,000

For more information, or to arrange to see the tool in action, contact:

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