

JARRETTWAGNER GROUP, LLC

BIZTIKS DIAGNOSTIC REPORT FEB 2015

21st century talent management is critical to small
business success.

*Business Alignment
Report for Talent
Management*

BIZTIKS DIAGNOSTIC REPORT

This report was prepared by the JarrettWagner Group, LLC with technological assistance from ISSC. For more information about these providers, please call 202-309-1245 or email: biztiks@gmail.com

About Biztiks

Biztiks helps small businesses align business targets, business practices and talent management practices by identifying the organizational gaps in that desired alignment. The data gathered in Biztiks will help the business owner:

- Compare their operations to **benchmark data** of similar businesses.
- Compare their **business goals to their workforce investments**.
- **Analyze the problems** that keep them from being more competitive.
- **Receive recommendations** for improving operational alignment.

How will a business know they've gotten value from Biztiks?

- They will **fully understand the gaps** that are their workforce problems and what has caused them (root cause analysis).
- They will be able to **get solutions** to their problems that are holistic and targeted (not a band-aid).

- They can **fix short-term problems while keeping long-term goals** in mind so that today's actions are not at odds with future planning (no recreating the wheel).
- They will better understand how talent management processes are directly linked to other business processes and **can save the company money**.

About Your Report

This report was created expressly for **XXXX company**. Your report was drawn from self-reported data from your company. This report is a compilation, analysis, and set of recommendations from that data. The recommendations in this report are not meant to be prescriptive. Rather, the data can help your company see **why** there might be gaps in performance, and your company can then prioritize **how** to proceed using the recommendations.

There are several ways to analyze the data you provided, whether through benchmarking, reviewing special correlated activities or strategies, or analyzing all of the data and

benchmarks to determine how well aligned your talent management investments are with the current – and future – state of your business. This report can be useful for planning purposes, as you will be able to determine what kinds of skills and personnel you will need in the future, in light of any business investments that you will make (e.g. automation). And you will recognize, early on, what skills you may be losing in reviewing retirement or turnover numbers. All of your data serve as indicators of successes and challenges, and allow you to tackle them before they become a liability, or build on your existing strengths.

Some of your data in the data charts following the analysis and recommendations pages are coded with a colored dot to help you quickly analyze your existing activities.

Legend	Indicator	Definition
	Positive	These enable a competitive position
	Good	These can lead to greater competitiveness with some proactive alignment
	Needs Improvement	Action is needed to create positive impacts and eliminate performance gaps
	Needs Attention!	Inattention to these areas has/can lead to significant gaps in competitiveness

Your Data Analysis

Business Goals

Your business has explicitly stated goals, yet you report that your employees don't know them. This seems unusual given your profit sharing/gainsharing compensation plan. What might be the reason for this disparity? Does this necessitate a change in company communications or knowledge-sharing practices?

Strengths/Weaknesses/Opportunities/Threats

You have conducted a SWOT analysis within the last year, which is a good first step in understanding what's important for improving performance

and achieving goals. Knowing your SWOT will help you decide where you need to invest time, energy and resources, and should help you monitor your progress.

Operations

Your operations are running at half capacity, but revenue is growing; where is that increased revenue coming from? Additional process efficiencies this year? Higher prices for products/services?

You state that process efficiencies are better this year than last and that market expansion is worse. Do you know why? Knowing the answers to these questions can help you analyze cause and effect of actions taken, and then to recalibrate toward the desired value-added activities.

Business Practices

You have made efforts to incorporate sustainable business practices into your operations, but have not yet invested in any new technologies. Sustainable practices can be very effective at saving money for the company, but often those savings take longer to realize than a “quick fix”. Will your sustainability practices change when you invest in new technologies as you report you would like to do? You are primarily interested in cost management, more so than investing in new technology, but those two goals are not necessarily at odds. How will your technology investments affect operational processes already in place?

Skilled Workforce

What skills will your employees need to effectively run the new technology? Where will you find those employees? You reported that you hired unskilled employees within the last year; will those employees be able to help you meet more than “some” of your business goals as you reported? Cost management will be impacted by both short-term actions as well as long-term workforce decisions. Which timeframe of workforce investing will provide the most value-add toward your business targets and prevent financial drag?

Training

Your business spends considerable money on conferences for employees, and there’s mention of some other training such as lean, quality and some cross-training, although not universal throughout the business. Do you know if the conferences are an effective learning experience for your employees as well as for the business? Tuition reimbursement is offered; do you have a community college or job center partnership to which you send your employees for training? Why aren’t more employees seeking training and, then, reimbursement? Because you do not offer pay increases based on skill increases there may be little incentive for employees to learn new skills that support the business.

Talent Management

Employee satisfaction is down and your ability to retain employees is worse this year than last. You provide annual reviews of performance, but

not to all employees. Personnel costs are 50 percent of your operational expenses. Are you aware of the cost of the processes you use for talent management? For example, how much does it cost to hire an employee? Is it more cost effective to train employees on the job or at the local college? What financial impact does the loss of critical employees and/or retiring employees (as you say you expect) have on financial performance? Many process costs are hidden costs, so uncovering them will help determine their financial impact and/or value to the business. And from there you can implement cost-saving solutions.

Recommendations

You have reported that you wish to improve (in this order): customer satisfaction, sales/revenue, profitability and process efficiencies. You are already experiencing increased revenue and more efficiency.

Following the first four areas in which you would like to improve in the coming year are: employee satisfaction, market expansion, sustainability, quality and technology adoption.

You have also reported in the diagnostic that you would like to expand into new markets and adopt technology, thus it would appear that those two areas should be moved up in the priority list, or at least reviewed for

alignment with the most critical improvements you'd like to make.

It would also be worth revisiting your SWOT to review it alongside this report and understand how the answers intersect in terms of priorities. For example, improving customer satisfaction is an **outcome** of an efficient operation. Thus, improving employee satisfaction will likely have a positive impact on business processes. A less tactical, more strategic focus on your workforce talent, human resource policies and practices, and your organizational culture should also lead to increased productivity.

To expand into new markets and use new technology and automated processes, your workforce may need additional skills training. What will be the most effective methods for doing this (both in terms of cost and of learning)?

If you choose to hire new employees, you may want to consider how those new employees will fit inside your organization *vis a vis* your new goals for customer satisfaction, sales and revenue, profitability and process efficiency, etc. All of these goals are dependent upon a smoothly running operation with clear goals, broadly understood by the workforce, which has been given the “tools” they need to perform well at their jobs (e.g. training, motivation, supervisory leadership, competitive wages, etc.). You may want to consider a review of all job

descriptions to understand if they align with the skills you want for your growth plans. Additionally, you should review the Biztiks benchmark reports to assess your position regarding business processes (staff expenses, availability) in the marketplace.

Special Section: Recruitment/Hiring

The following section pertains to your specified recruitment and hiring concerns. The data is pulled directly from your answers. Probable effects that explain the genesis of your concerns, from the data, are stated to the right. These effects all have a financial impact on your business.

YOUR SPECIFIC DATA	EFFECTS ON BUSINESS
No formal H.R. Policies	Confusion by staff and applicants about jobs, wages, upward mobility, etc.
No Retention Plans	No assurances from the business that the workforce is valued.
No Succession Plans	No assurances from the business that it plans to be around for a while.
No Formal Training For Up To Half The Staff	No investment in half of staff facing ever-changing business conditions and new goals signals the absence of interest in staff as integral to success.
No Job Rotation or Cross Training	Not providing assurances to staff they are valuable and have “room to grow” and not providing

	business with “extra” skills cost-effectively.
Fewer than half of staff have Certifications, Documented Competencies or Development Plans	No documented understanding of what skills are required for jobs, or how to develop those skills to stay with the business creates confusion over hiring and performance internally and with applicants.
Employee Churn	Over the last year you both hired and fired staff, and used temps to see you through. Can you estimate the total cost of those transactions? These costs are “hidden” but can have a large impact on your bottom line.
No Pay for Performance	No value seen by staff for improving performance to help make business more competitive.
Provide Annual Performance Reviews	Great way to let staff know how they are doing. Consider semi-annual reviews for improved performance and enhanced employee satisfaction.
Improving Employee Satisfaction #5 on 10 Point Scale	Employee satisfaction is important to the business. Workforce is rated by you as critically important to competitiveness. Given your business goals of increasing use of technology, exporting, and increasing customer satisfaction, an investment in formal talent management processes could be considerably cost effective, reducing hiring and turnover costs, and improving on-the-job performance.

Special Section Recommendations

Recruitment, hiring and retention will be more cost effective by adopting standardized talent management processes in the same way Lean improves production processes. Please review the question content in Biztiks to see standard business processes for talent management and workforce development. A strategic plan for talent management can be assembled, cost effectively, from those practices.

Data Charts

In the following pages are the “raw” data from your Biztiks input, as well as calculated benchmarking data. The data include:

1. All of your answers.
2. Your benchmarking rankings for specific data.

All data are available to you in excel format from Biztiks. Benchmarking data is pulled from the U.S. Census, U.S. Department of Commerce and the U.S. Department of Labor Bureau of Labor Statistics and O*Net.

Remember...

When reviewing this report, keep in mind that Biztiks is most useful for identifying potential strengths and weaknesses and exploring areas for improvement in business/workforce alignment. Data correlates provide a general indication of performance. It is also important to consider the details behind the data.

Company Statistics

1.	At what estimated percent of capacity is the company currently running?	● 75 percent
2.	What is your most critical component for business competitiveness? (Please rank 1 to 4 with 1 being the most critical and 4 being the least critical)	
	Workforce (skilled and non-skilled)	1
	Materials (supply, acquisition, availability)	3
	Technology and/or Automation	2
	Cost Management	4
3.	Do You Have Explicitly Stated Business Goals or Targets?	● No
4.	Did You Meet Your Business Goals Last Year?	● Some
5.	Do Your Employees Understand Your Business and Business Goals?	● Some of them do
6.	What Is Your Total Revenue Per Year (Latest Available Value)	\$3,500,000
7.	Is Revenue	● Neither Growing Nor Declining
8.	In the Last Year, Have You Done a Formal SWOT for Your Business?	● Yes
9.	How Many of the Total Number of Employees in Your Firm are in a Union?	0

10. How Many Do You Have in Each Category (Do Not Double Count Employees for the Following Positions)?	
Production Line	45
Maintenance Technicians	3
Engineers	44
Product Designers	34
Administrative	3
Supervisors	6
Specialists	3
IT	5
Sales	55
R&D	33
Other	9
Total:	240
11. Have You Invested in Any New Production or Process Technology (Automation) in the Last Year?	<ul style="list-style-type: none"> ● No, but planning to

12. Have You Expanded into New Markets in the Last Year?	● No, but planning to
13. In the Last Year, Has Your Customer Base:	● Increased
14. Is There Volatility in Your Supply Chain?	● Considerable
15. Have You Implemented Sustainable Operational Practices in the Last Year? (For example, no waste manufacturing, green processes, energy efficiency)	● No
16. In the Last Year, Have You Hired Employees In the Following Categories? If Yes, How Many?	
Skilled	6 or more
Un-Skilled	5 or fewer
Management	6 or more
Temporary	5 or fewer
17. Are Any of Your New Hires in a Union?	No
18. In the Last Year, Have You Released Employees In the Following Categories? If Yes, How Many?	
Skilled	6 or more
Un-Skilled	5 or fewer
Management	6 or more

Temporary	5 or fewer
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Workforce and Talent Management

1.	Do You Formally Align Employee Job Performance With Business Goals?	<ul style="list-style-type: none"> ● Yes, but only for critical positions
2.	Do You Have Up-to-Date Job Descriptions for Each Job?	<ul style="list-style-type: none"> ● Only for critical positions
3.	Do You Offer Competitive Wages and Benefits?	<ul style="list-style-type: none"> ● Only for critical positions
4.	Do You Have Trouble Hiring Workers?	<ul style="list-style-type: none"> ● Only for critical positions
5.	If Yes, Which Jobs are Hard to Fill? (Check All That Apply)	<ul style="list-style-type: none"> Production Line Engineers Administrative Supervisors Sales R&D
6.	Are Temporary Workers A Critical Part of Your Overall Workforce?	<ul style="list-style-type: none"> Yes, but only for technical positions

7.	What is the Percentage of Temporary Workers In Your Overall Workforce?	75 percent
8.	Do You Have Formal Human Resource (H.R.) Policies In Place?	● No
9.	Do You Have An Accredited H.R. Professional on Staff?	● Yes, but doesn't have a credential
10.	Do You Have A Formal Employee Recruitment Plan?	● Only for critical positions
11.	Do You Have A Formal Employee Retention Plan?	● Only for critical positions
12.	Do You Know How Many of Your Critical Employees Will Retire in Five Years?	● Don't Know
13.	Do You Have A Formal Succession Plan for Critical Talent?	● Yes
14.	Do You Offer Internal Career Mobility (Job/Career Ladders)?	● Yes
15.	Do You Offer Wage Increases When Staff Skills Are Upgraded?	● Yes
16.	Do You Value Manufacturing Credentials for Employees?	● Yes
17.	Do Your Employees Understand Your H.R. and Training Policies?	● No
18.	Please Estimate The Percentage Cost of Personnel in Your Overall Costs:	345%
19.	Please Estimate How Much You Spend Annually on Wages plus Benefits For Your Workforce:	\$2,500,000

20. If You Can Annualize Estimated Wages plus Benefits for Employees In Each Category, Please Do:	
Production Line	\$50,000
Maintenance Technicians	\$45,000
Engineers	\$75,000
Product Designers	\$55,000
Administrative	\$30,000
Supervisors	\$80,000
Specialists	\$70,000
IT	\$70,000
Sales	\$45,000
R&D	\$60,000
Other	\$50,000
21. Do You Have Formal Annual Training Opportunities for Staff?	● Yes
22. Please Estimate How Much Your Company Spends Annually on All Training For Employees: (est. without counting wages and benefits)	\$100,000

23. If You Can Annualize Estimated Training Expenditures for Employees In Each Category, Please Do	
Production Line	\$100,000
Maintenance Technicians	<i>Not Answered.</i>
Engineers	<i>Not Answered.</i>
Product Designers	<i>Not Answered.</i>
Administrative	<i>Not Answered.</i>
Supervisors	<i>Not Answered.</i>
Specialists	<i>Not Answered.</i>
IT	<i>Not Answered.</i>
Sales	<i>Not Answered.</i>
R&D	<i>Not Answered.</i>
Other	<i>Not Answered.</i>

Organizational Training and HR Policies & Practices Assessment

1. To Approximately What Percentage Of Your Employees Do The Following Work Practices Apply? Please check the

appropriate boxes.	
Job rotation or cross training: programs in which employees are trained for multiple positions or employees rotate among different jobs.	Less Than Half
Lean or quality circles, problem-solving teams: groups of employees that meet regularly to come up with solutions to problems concerning business issues such as productivity or waste.	None
Self-directed work teams: groups of employees with complete responsibility for the quality and quantity of their outputs. Self-directed work teams may have responsibility for work schedules, performance appraisals, personnel management, budgeting, or setting performance targets and production quotas.	None
Total quality management (TQM): an integrated approach to organizational improvement and increasing production and service quality whose core ideas include doing things right the first time, striving for continuous improvement, and a devotion to understanding and meeting customer needs.	None
Employee access to key business information: an organizational policy in which all employees are given access to certain financial and market information about the competitive position of the firm.	Less Than Half
Employee involvement with management in business decisions: an organizational policy in which non-management employees have a say in decisions including equipment purchases, market strategy, and management initiatives which affect the firm.	None
2. To What Percentage Of Your Employees Do The Following Employee Compensation Systems Apply? Please check the appropriate boxes.	
Profit-sharing or gainsharing: plans under which the company credits shares of company profits or growth to participating employees. The amount may be available immediately or at retirement.	Half

Employee stock ownership plan: plans under which the company credits shares of company stock to participating employees. The amount may be available immediately or at retirement.	More Than Half
Group- or team-based compensation: an alternative pay system in which employees receive all or a portion of compensation depending on the performance of their particular team or work unit.	All
Incentive compensation: an alternative pay system in which employees receive all or a portion of compensation depending on their own performance. Examples of incentive compensation systems include piece-rates, sales commissions, and pay-for-performance.	None
Knowledge- or skill-based pay: an alternative pay system where compensation is linked to the mastery of certain skills or work-related information, rather than employee position or length of tenure.	Half
3. To What Percentage Of Your Employees Are The Following Training Practices Or Programs Available? Please check the appropriate boxes.	
Mandatory annual training time: an organizational policy stating a minimum requirement for the amount of training which certain employees must receive in a given year.	More Than Half
Mentoring or coaching programs: a formal process in which more experienced workers are matched with less experienced employees to provide assistance and instruction on an as-needed basis.	Less Than Half
Apprenticeship/internship training: a formal process by which individuals learn their jobs through a combination of classroom instruction and on-the-job training from a skilled expert in that job.	More Than Half
Training resource center: a designated area within an establishment where training personnel, materials, and information are located.	Less Than Half
Use of internet and social media: opportunities to use web-based programs or social media sites to find	More Than Half

information related to the job.	
Train-the-trainer courses: training courses which teach non-traditional training staff members such as managers, subject matter experts, team leaders, and others training skills such as instructional design and group facilitation to enable them to deliver formal training to other establishment employees.	Less Than Half
Line-on-loan or rotational training staff: a formal process in which non-training personnel (such as the CEO) perform training duties on a temporary basis.	More Than Half
Employer-supported conference attendance: paid time off or payment of employee travel, hotel, fees, and other expenses for employees attending an off-site conference or training class.	Less Than Half
Tuition reimbursement: partial or full payment for courses that employees took at educational institutions (can be paid to the institutions or reimbursed to employees).	All
4. To What Percentage Of Your Employees Do The Following Human Performance Management Practices Apply? Please check the appropriate boxes.	
Annual performance reviews: a systematic, periodic review and analysis of employee's job performance by a superior to compare that performance to a set of predetermined standards, identify strengths and weaknesses, and develop a plan to improve the employee's performance.	All
Individual development plans: a specific course of action designed jointly by an employee and a supervisor to outline the employee's career development objectives and associated training needs.	All
Peer review of performance or 360° feedback systems: a performance appraisal system in which an employee's work performance is evaluated (at least in part) by co-workers.	All
Skill certification: a formal process used to ascertain and distinguish the mastery for a set of skills according to	All

	pre-defined standards. May be linked either to a particular occupation or trade, or a particular job or process.	
	Documentation of individual competencies: a formal record of the knowledge, skills, and abilities of an organization's employees in key, pre-defined areas.	All
	Learning management system: a computer-based system for assessing, tracking, and improving employee performance. Systems may include employee training history reports, training course scheduling and registration, individual development plans, and training expenditure tracking.	All
	Employee satisfaction surveys: Employee satisfaction describes whether employees are satisfied with their overall working environment and their personal career desires. Employee satisfaction is a factor in motivation, goal achievement, and positive morale in the workplace.	All
5. How Would You Rate Your Business's Performance This Year In Comparison To Last Year In The Following Areas?		
	Ability to retain critical employees	Better
	Employee satisfaction	Same
	Customer satisfaction	Worse
	Quality of products/services	Worse
	Process efficiency	Worse
	Sustainability processes	Worse
	Sales/revenues	Worse

Market expansion	Worse
Technology adoption	Worse
Overall profitability	Worse
6. Which Area of Your Business's Performance Would You Most Like to Improve Over the Next Year? (Please rank from 1 to 10 with 1 being of highest importance and 10 being of least importance)	
Ability to retain critical employees	<i>Not Answered.</i>
Employee satisfaction	2
Customer satisfaction	1
Quality of products/services	<i>Not Answered.</i>
Process efficiency	<i>Not Answered.</i>
Sustainability processes	<i>Not Answered.</i>
Sales/revenues	<i>Not Answered.</i>
Market expansion	<i>Not Answered.</i>
Technology adoption	<i>Not Answered.</i>
Overall profitability	3

Occupational Benchmark Report

Based on your firm's state and the occupation codes you selected while filling the employee data sheet, this report shows some occupational benchmarks and comparisons for each of those occupation codes.

Note: 'Location Quotient' represents the ratio of an occupation's share of employment in your state to that occupation's share of employment in the U.S. as a whole. For example, an occupation that makes up 10 percent of employment in your state compared with 2 percent of U.S. employment would have a location quotient of 5 for your state.

Benchmark Data Source: Bureau of Labor Statistics - Occupation Employment Statistics, 2012

State: Texas

OCC Code: 11-1011.00 Occupation: Chief Executives	Total Employment	11360
	Location Quotient	0.55
	Benchmark: Mean Salary	\$181,830
	Your Company: Mean Salary	\$100,000
	Salary 10th Percentile	\$75,490
	Salary 25th Percentile	\$112,090
	Salary 50th Percentile	\$178,950
	Salary 75th Percentile	<i>No data</i>

	Salary 90th Percentile	No data
	Your mean salary as a percentage of the benchmark mean salary	55.00%
	Annual % Change in Employment	11.40%
	Average Annual Openings	620

Per Employee Metric Report

Based on your firm's NAICS Code(s), this report shows some national level benchmarks on wages, benefits and revenues.

Benchmark Data Source: US Census Bureau - Annual Survey of Manufacturers, 2011

NAICS: 333 Machinery manufacturing		Your Company	Benchmark
	Average Salary	\$70,614	\$56,203
	Percent of Production Workers	66.67%	64.41%
	Salary Per Production Worker	\$76,579	\$44,729
	Percent of all Salary going to Production Workers	72.30%	51.26%
	Salary Per Overhead Employee	\$58,684	\$76,969

Revenue Per Employee	\$61,404	\$379,130
Revenue Per Production Worker	\$92,105	\$588,606
Benefits Per Employee	\$-26,754	\$16,802
Salary and Benefits Per Employee	\$43,860	\$73,006
Fringe Benefits as Percent of Total	-61.00%	23.02%

Firm Comparison Report

Based on your firm's NAICS Code(s), size, and legal form of organization, this report shows some national level metrics on the number of firms, the average salary they offer to their employees, and comparison with the average salary that you offer your employees.

Benchmark Data Source: US Census Bureau - County Business Patterns, 2011

NAICS: 333992 - Welding and soldering equipment manufacturing

Your Average Salary	\$70,614			
Legal Form of Organization	Firm Size	Number of Firms	Benchmark Average Salary	Comparison: The average salary that you offer as a percentage of the benchmark average salary
S-corporations	Establishments with 50 to 99 employees	7	\$55,097	128.16%

S-corporations	All establishments	138	\$50,393	140.13%
All establishments	Establishments with 50 to 99 employees	25	52,969	133.31%
All establishments	All establishments	327	\$63,576	111.07%

Local Firm Report

Based on your firm's NAICS Code(s), size, and state, this report shows state level metrics for firms of a similar size as yours, including the number of firms, the average number of employees, the average salary they offer to their employees, and comparison with the average salary that you offer your employees.

Benchmark Data Source: US Census Bureau - County Business Patterns, 2011

NAICS: 333 Machinery manufacturing	Estimated Size of the Firm	Establishments with 50 to 99 employees
	Number of Firms	124
	Average Number of Employees	71
	Benchmark: Average Salary	\$57,510
	Your company: Average Salary	\$70,614
	Comparison: The average salary that you offer as a percentage of the benchmark average salary	122.79%

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