Workforce Analytics for Human Resources

A Guide to What it is & Why you should care
## TABLE OF CONTENTS

1. INTRODUCTION  
2. WHY NOW?  
3. THE UNIVERSAL PROBLEM  
4. THE UNIVERSAL PROBLEM – UNPACKED AND RESOLVED  
5. ANALYTICS ENABLE IMPROVED BUSINESS PERFORMANCE  
6. CONNECTING THE DOTS  
7. THE POWER OF SEGMENTATION  
8. BENEFITS OF AN ANALYTICS SOLUTION  
9. TIPS FOR GETTING THE MOST OUT OF ANALYTICS FOR TALENT ACQUISITION  
10. JUST GET STARTED – THE UPSIDE IS HUGE!  
11. CAN MY HR SYSTEMS PROVIDE THESE ANALYTICS?
Human Resources is no stranger to data. Despite this, it’s not uncommon to hear HR and business leaders complain that their organizations are data rich but insight poor.

Up until now it’s been common practice for HR to focus on basic operational reporting and summarized silo’d metrics on the efficiency of HR processes (e.g. headcount, count of hires, turnover, average salary, etc.). This is no longer sufficient in today’s business. Senior Executives expect HR to drive business results just like other business units such as sales and marketing. And let’s face it, these summarized efficiency metrics have limited value to Senior Executives. They want outcome metrics and they want results that matter to the business.

The time is NOW for HR to evolve its capabilities and begin connecting people data with performance, productivity and other business metrics. Using workforce analytics to drive smarter people decisions that make an impact on the business is the way forward for HR.

In this eBook, we’ll help you get there by:
✓ Discussing the status quo in Human Resources and how workforce analytics can help evolve this for the better
✓ Providing reasons why this is important and why you should care
✓ Explaining what a robust and holistic workforce analytics solution is
✓ Exploring the many benefits associated with analytics applied holistically to your workforce
Well... there are several compelling reasons to get started with workforce analytics:

EXECUTIVES ARE DEMANDING ROI - Like other business lines, HR is being asked for insight into the ROI of their activities. Investments in HR technology, programs and people development have increased and HR Leaders need to answer the question – are these investments paying off? There is a real need to reliably track spend and demonstrate the value it brings to the organization.

THE SUCCESS OF YOUR COMPANY DEPENDS ON HR – Talent powers the business. Organizations that successfully place the right people in the right position at the right time will be rewarded with better performance and outcomes. If HR is critical to business success, leveraging analytics to achieve business outcomes should be a priority.

DATA RICH BUT INSIGHT POOR - You may be data rich but it’s likely you’re insight poor. And that’s not good enough. There is more data being collected than ever before. Recruiting, HRIS, Performance, and Learning systems have an abundance of data, social media measures are increasing in sophistication and volume, and there are additional sources of data including referrals, surveys and business results that live outside HR. It’s time to start connecting the dots and generating rich insight, taking targeted action and driving improved business outcomes.

HR LEADERS – We’re willing to bet you didn’t get into HR to focus on transactions and process, and to talk about static numbers in a report. Workforce analytics can help you elevate your game. If you think about it, leveraging analytics in HR gives you a fantastic opportunity to elevate your thinking and your doing within the organization. Analytics integrates detail, analysis, creativity, business acumen and communication all in one activity. Rather than focusing on numbers and transactions, you can start telling the compelling people story rich in context and evidence-based.
“[analytics] is the **surest way to get a seat at the table**”

- Mark Schmit, ExecDir of SHRM
  Wall Street Journal, May 2013

“The payoff for companies that get [workforce analytics] right is **enormous**”

- HBR, August 2013

---

**Aberdeen Group**
A Harte Hanks Company

“**Leading organizations**... are rethinking their strategies and technology options, **challenging the traditional role of the recruiter, and focusing on how talent acquisition efforts can directly impact business outcomes.**

Best-in-class companies achieve:

- **94%** of first-year employees retained
- **80%** of employees received ratings of exceeds performance
- **15%** year-over-year improvement in hiring manager satisfaction.”

September 2013

---

**Companies using people analytics “generate high returns for their work”** - their stock market returns are 30% higher than the S&P 500, they are twice as likely to be delivering high impact recruiting solutions, and their leadership pipelines are 2.5x healthier.

**These HR teams are** 4x more likely to be **respected** by their business counterparts **for their data-driven decision-making**, giving them **true potential to help change the business.”**

in Forbes, October 2013
The universal problem

Does this sound familiar?

“We have lots of data but we’re challenged for time and resources to wade through it. We’re in need of a solution to resolve the fact we have spreadsheet upon spreadsheet but little means of drawing insight from them or connecting the data in meaningful ways.”

“Having data was not our problem, we have always had lots of data. The issue lies in being able to draw insights from the data. We face barriers of time and resources as well as issues related to proliferation of the data in multiple systems that aren’t connected.”

Or how about this?

If either (or both) of these sound familiar, don’t worry, you’re in good company. Both of these quotes come from interviews with VPs of Human Resources. Truth be told, we could have filled this entire eBook with comments and quotes from HR Leaders expressing the exact same sentiment.

In fact, it’s so common, we call it the **Universal Problem**. It happens when, despite an abundance of data there are challenges bringing it together, making connections across systems, and making sense of it all to drive better business outcomes.

Workforce analytics can help resolve the Universal Problem.
If we unpack the Universal Problem further we quickly see why it’s one that needs solving – and fast!

### Multiple and Disconnected Data Sources place limits on the effectiveness and influence of HR:

<table>
<thead>
<tr>
<th>Major Draw On Time &amp; Resources</th>
<th>HR Stuck in Reactive and Tactical Mode</th>
<th>Ineffective Communication / Missed Opportunity for Business Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>• HR teams are typically not experts in statistics, analytics, etc., so naturally things take longer</td>
<td>• Role is often one of reactive data fetching / support</td>
<td>• HR not able to credibly demonstrate the ROI of its activities</td>
</tr>
<tr>
<td>• Multiple spreadsheets and manual work means a heightened risk of error</td>
<td>• Backward looking rather than uncovering trends and projecting the future</td>
<td>• Missing the critical linkages between HR activities and business outcomes</td>
</tr>
</tbody>
</table>

### How Workforce Analytics Can Help

With a workforce analytics provider you can start to resolve these issues:

- ✔ Shift time and resources away from data crunch-work and towards value-add contributions like translating insight into action
- ✔ Spend more of your time at the strategic level, translating insights into action
- ✔ Go further with predictive capabilities
- ✔ Communicate fresh insights that link HR activities to business outcomes
- ✔ Make use of powerful visualizations to ‘show and tell’ the people story

- ✔ Increase effectiveness, credibility and influence of HR
We’ve just determined that analytics can help solve a number of limitations currently faced by HR, but what’s the value to the business at large? Well, if you ask us the true value comes when analytics are applied to business objectives. Without placing workforce analytics in the broader context of your business objectives and performance, your data and information have limited meaning, power or impact.

To contribute powerfully to the business HR needs to situate workforce analytics within a broader context flanked by business objectives at the one end, and business outcomes at the other.

Objectives & Business Goals

• Articulate and prioritize business objectives, goals and desired outcomes

Metrics

• Identify metrics that align to objectives

Segmentation

• Segment metrics by key demographics (job, location, performance, tenure, etc.)
• This is key! – we’ll talk more about this later...

Insight

• Identify meaningful patterns, areas of opportunity, hotspots, anomalies that are out of alignment with objectives

Action

• Take action to drive improvement and achieve business outcomes
Connecting the dots

While each individual HR system (HRIS, Talent Mgmt, ATS, Learning, Performance, Surveys, …) has “reporting/analytics” the reality is that these systems provide basic reports on their silo’d process. These reports may be sufficient for managing the process (efficiency) but they do not provide the analytics that HR Leaders require to make smarter decisions.

To get to holistic insight and to measure against business outcomes, you need to connect the dots – there needs to be integration across your disparate HR systems and those systems that hold business results data. This means stretching beyond the transactional HR data and systems and making connections with outcome sources.

This is easier said than done but with an analytics partner this can be made simple. There are 2 major connections that an analytics provider will make:

1. Connecting all your HR Data sources
2. Connecting HR Data to Business Outcomes (Results) Data
Once the dots are connected, it’s time to start segmenting the data – this is where insights linked to business objectives are uncovered.

Why is Segmentation important?

You hear your marketing colleagues talk about segmentation all the time... and here’s why:

They clearly understand that all buyers in the market are not the same and, in order to be successful, they need to segment, understand the values of these segments and design value propositions and programs that align to these.

HR Leaders must take the same approach.

It’s not enough to take a homogenous or company-level view, HR Leaders must segment (by role, level, performance, location...) for the numbers to have meaning.

<table>
<thead>
<tr>
<th>Homogeneous &amp; Disconnected View</th>
<th>Segmented &amp; Connected View</th>
</tr>
</thead>
<tbody>
<tr>
<td>• “Our company-wide Turnover Rate is 12%”</td>
<td>• “Our Top Performer turnover rate for intermediate consultants is 33%. The impact of this is $1.5M in lost revenue per year”</td>
</tr>
</tbody>
</table>
| • “We hear that our managers seem happy with our new manager training program” | • “The impact to the business for those managers who we have put through the New Manager training program is:  
  • 25% reduction in turnover  
  • 15% increase in quota attainment”  
  • “We recommend a full roll-out of the training program!” |

Which conversations would you rather have?
Benefits of an analytics solution

• **Measurable, Bottom-Line Benefits** – Done right, a holistic analytics solution can deliver returns that HR Leaders can actually put a dollar value on.
  - Team member time savings and increased productivity (no more weeds of Excel)
  - Segmentation of the data yields actionable insight into turnover, performance, succession, quality of hire, programs/initiatives, etc. and can lead to improvements and meaningful returns

• **Drive Business Focused Results** – When analytics are situated in the context of business objectives and outcomes, HR can evolve from a tactical and reactive function to a strategic, proactive and predictive part of the business. A holistic understanding of how the efforts of HR align with business outcomes means that every activity can be focused towards business success.

• **HR Team** - The connection of HR activities to outcomes means that teams are focused on the right things and working together to improve the business by measuring the impact of HR activities and making smart people decisions.

• **Better Relationships** – With a holistic understanding of how HR activities and programs impact the business, HR can more effectively engage with lines of business, working together to drive improvements in the employee experience, Quality of Hire, performance and productivity.

• **Reporting and Executive Communication** – When you can talk about HR activities in relation to concrete business outcomes, you’ll catch the attention of the executives. When you can do this with the help of compelling visuals, you’ll be able to communicate more effectively. Start ‘showing and telling’ – the visuals will impress and the insights will blow the Executives away.

• **Credibility and Influence for HR** – Not to be overlooked is the fact that workforce analytics can truly raise your game. Your ability to use analytics to make smarter people decisions, to act faster, and to communicate effectively will raise your profile in the organization. Suddenly you’re equipped for business conversations, have a great way to communicate, and what you’re saying matters to those at the executive table. That’s a win-win-win.
1. **It’s a journey.** What’s that saying...? Rome wasn’t built in a day. Well the reality is, your analytics capability won’t be either. Adopt the mindset that this is a journey. Embrace the journey and be ready to discover, evolve, learn and enjoy. Honestly, this has the potential to be one of the most rewarding professional experiences you’ll have.

2. **Just get started.** Resist the temptation to wait for perfect timing. Don’t hold off for a certain time of year, until that new HRIS is in place, or for a new planning phase. The sooner you get started the quicker you’ll start reaping the benefits of insight. Before you know it you’ll have deep insight into HR data and you’ll be able to start connecting your HR data to business outcomes data and delivering rich, actionable insight.

3. **Don’t fret over your data.** It’s not perfect and it never will be. Don’t spend time upfront trying to clean your data. One of the things your analytics partner can do is quickly visualize your data so it’s clear to see where anomalies or gaps exist. This makes it easy to resolve problem areas and removes the pain of upfront data clean-up.

4. **Work towards defined objectives and outcomes.** This is key! All this data and insight can be overwhelming. Find an analytics partner who will work with you to identify objectives, outcomes and priorities. Don’t just buy a software solution. The biggest value comes in working closely with your partner to continuously build insight and understanding that is business and outcomes focused.

5. **Start sharing insight – and do this sooner than later.** Don’t wait until everything is perfect before sharing with Executives. Just start with a small ‘show and tell’ and you’ll be amazed where it takes you. Starting with beautiful visualizations and fresh business-focused insight you will attract attention and spark conversations.
Human Resources is uniquely positioned to take the lead in data integration and insight generation within the organization. Start first by connecting your HR data and from here you can reach across the business and work to integrate other data, building a holistic view of people and business data. You can be a leader in this activity.

Human Resources has a lot to gain from workforce analytics and it’s not just in the areas of insight and better business outcomes. By leveraging analytics and insight, HR Leaders also stand to gain visibility, credibility, and influence across the organization.

We believe that workforce analytics and the insight that comes from this can have more impact on your overall success than anything else you might do in Human Resources!

“With workforce analytics we’ve transformed our approach from one that was hypothesis-driven and time-consuming, to one that is now streamlined, simplified and data-driven. With the help of our analytics partner we are now talking a language that resonates with the Executives. We’re tying HR to the business in ways we were not able to do in the past. We’re now able to bring important business issues to light and stimulate interest, dialogue and engagement at the Executive table. It’s raising our profile and our influence.” – Laura Matthews, VP Human Resources, Innovapost
Can my HR systems provide these analytics?

Great question – it’s one that gets asked a lot. The short answer is no, HR and Talent systems do not provide the insight HR Leaders require. The reason is very simple – these systems only capture a portion of the information required to understand outcomes associated with HR programs and activities.

When considering the depth and breadth of analytics that HR Leaders need to demonstrate business value, 2 key shortcomings of HR and Talent systems surface:

• These systems are designed to automate business processes. Analytics is not the core competence of these solutions and, in fact, analytics and reporting are often add-on features.
• Each system captures its own data. The reality is that any reporting that comes from these systems is disconnected from the rest of the business, and therefore limited in business value.

HRIS and Talent systems focus on process information, and, as such they deliver basic, siloed reporting. To measure against objectives and demonstrate value to the business, HR Leaders need more – they need insight that comes from the connection of process and outcomes data.

Consider whether your HR systems can answer questions like:

• What is the progression rate for our top performers?
• What is the ROI of our new manager training program?
• What is the retention rate of our successors?
• What is the lost revenue / productivity by position for every fill that is not on target?
• What is the quality of hire by Line of Business and Job Category? By Recruiting Source?
• What is the 1st year turnover rate by Line of Business and Job Category?
  • How much is this costing the business?
  • For every 1% reduction in 1st year turnover what is the $$ impact for the business?
WANT TO LEARN MORE?
Visit our Resources Page on our website for additional eBooks, articles, webinars and more

OR

contact us...we’d love to hear from you.

Visit us @

www.peopleinsight.com
@PeopleInsight1