Slide 1

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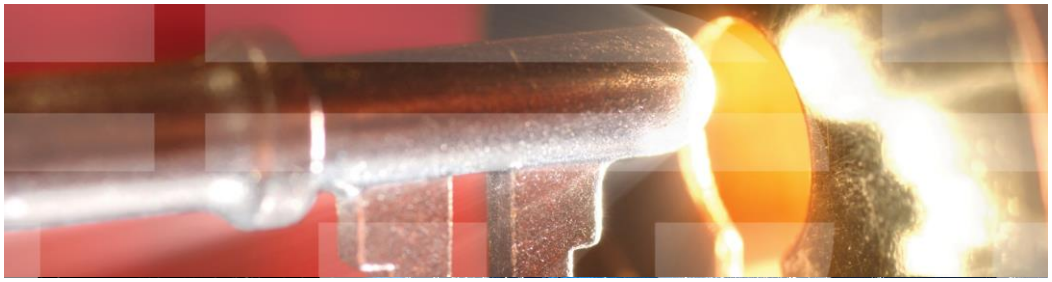
Unlock the People Equation

Using workforce analytics to drive business results



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Recent books and articles identify workforce analytics as an *important emerging discipline*

This is about learning to see your environment through the lens of data rather than the prejudices, misconceptions and perceived wisdom … of 50 years ago.

Leerom Segal, Aaron Oldstein, Jay Goldman, Rahaf Harfoush, **The Decoded Company**

The more we investigated, the more we realized that the majority of our organizations are not currently leveraging their measurement data to provide this "something extra" (that comes from HR analytics).

Nik Kinley and Shlomo Ben-Hur, **Talent Intelligence**

Today, people analytics is poised for a revolution, and the catalyst is the explosion of hard data about our behavior at work.

Ben Waber, **People Analytics**

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The objective of this study is to *understand the practical applications* of workforce analytics in organizations

Areas of Study Focus

- **What types of problems** are organizations looking to solve using workforce analytics?
- What workforce **analytics approaches** are companies using to address these problems?
- What **capabilities** do organizations need to make the best use of workforce analytics?
- What **pitfalls** should they circumvent along the way and how can organizations **get started**?

Study Approach

- In-depth **literature search**
- **Comprehensive interviews** with workforce analytics leaders representing different levels of talent analytics maturity
- Focus on **surfacing insights that go beyond quantitative surveys**
- Emphasized **unearthing their wisdom, in their own words**

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Participants, coming from a *variety of industries/geographies, have significant responsibility* for workforce analytics in their organizations

Industries		Sample of study participant titles
▪ Banking	▪ Healthcare	▪ CHRO
▪ Chemicals	▪ Insurance	▪ SVP of Talent Analytics
▪ Consumer Products	▪ Investment Management	▪ VP of Workforce Analytics
▪ Distribution Services	▪ Professional services	▪ VP of Talent Management
▪ Engineering and Aerospace	▪ Retail	▪ VP of HRIS
▪ Entertainment	▪ Technology	▪ Global Talent Management Director
▪ Food Services	▪ Transportation	▪ Director of Workforce Analytics
▪ Government		▪ Director, Total Rewards and Performance
		▪ Director of HR Reporting
		▪ Talent Analytics Consultant

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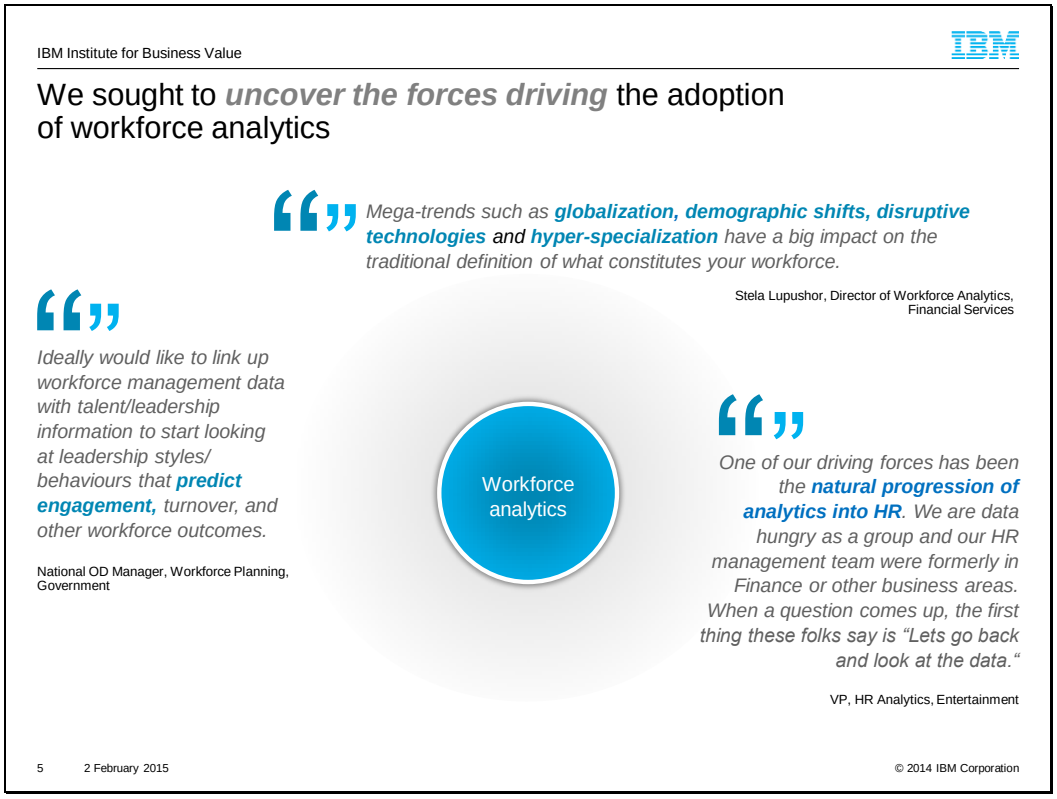
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We sought to uncover the forces driving the adoption of workforce analytics
Mega-trends such as globalization, demographic shifts, disruptive technologies and hyper-specialization have a big impact on the traditional definition of what constitutes your workforce.
Stela Lupushor, Director of Workforce Analytics, Financial Services
Ideally would like to link up workforce management data with talent/leadership information to start looking at leadership styles/ behaviours that predict engagement, turnover, and other workforce outcomes.
National OD Manager, Workforce Planning, Government
Workforce analytics
One of our driving forces has been the natural progression of analytics into HR. We are data hungry as a group and our HR management team were formerly in Finance or other business areas. When a question comes up, the first thing these folks say is "Lets go back and look at the data."
VP, HR Analytics, Entertainment
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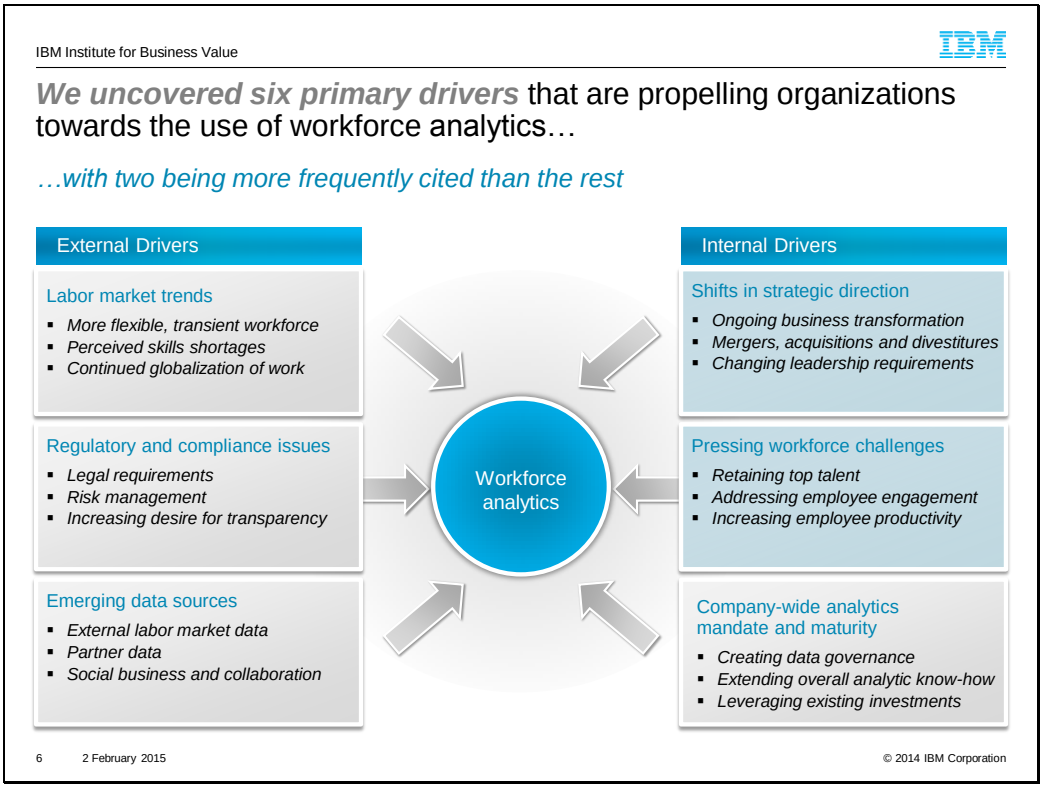
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We uncovered six primary drivers that are propelling organizations towards the use of workforce analytics…
…with two being more frequently cited than the rest
External Drivers
Labor market trends
More flexible, transient workforce
Perceived skills shortages
Continued globalization of work
Regulatory and compliance issues
Legal requirements
Risk management
Increasing desire for transparency
Emerging data sources
External labor market data
Partner data
Social business and collaboration
Workforce analytics
Internal Drivers
Shifts in strategic direction
Ongoing business transformation
Mergers, acquisitions and divestitures
Changing leadership requirements
Pressing workforce challenges
Retaining top talent
Addressing employee engagement
Increasing employee productivity
Company-wide analytics mandate and maturity
Creating data governance
Extending overall analytic know-how
Leveraging existing investments
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We learned that organizations that are more advanced are not using analytics solely to address HR issues…
…but rather to solve important business problems
We use HR data to solve business problems that we could not have solved otherwise – to do things with those numbers that before-hand were much more difficult to do buried in a spreadsheet.
Global Talent Management Director, Engineering
For our organization, talent is a competitive advantage.
Stela Lupushor, Director of Workforce Analytics, Financial Services
The HR organization of the future will not be about the administrative work; self-service and automation will take care of that. HR will be business partners that consult with the business, all based on analytics. HR will make the link between HR analytics and profitability.
Lynn Tapper, Worldwide Director, Human Resource Operations, Global HR, Colgate Palmolive
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Of all the potential business problems organizations could focus on, *six high priority issues emerged*

Business Issue	Description	Example
Optimizing costs	Identify and reduce workforce related expenses such as recruiting, attrition, labor costs and increase overall efficiency	*A financial services company is looking to reduce turnover in its customer service staff to minimize training and attrition costs while maintaining appropriate service levels.*
Transforming the business model	Make significant strategic changes to the way the organization does business to enhance competitiveness and impact the bottom line	*A consumer products company needs to decide where and how to source new candidates with technology skills required to drive its future digital transformation.*
Enhancing customer experience	Increase the quality of service and positive customer experience in all aspects of contact with the provider	*A retailer is looking to staff its stores with the right mix of associates based on product experience and seasonal traffic patterns.*
Accelerating sales	Increase sales and profitability through deeper insights into sales force enablement	*A technology company needs to make smarter decisions about which salespeople should be assigned to which accounts/territories in its B2B model.*
Increasing innovation	Enable teams to increase innovation and reduce time to innovation ROI	*A pharmaceutical firm needs to determine the optimal R&D team mix from various disciplines to increase the chances of a disruptive breakthrough.*
Managing risk	Reduce business, financial, information security and reputational risk	*A federal agency needs to make smarter hiring and training decisions to increase the probability that its law enforcement officers interact effectively with the public.*

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Looking across the spectrum of projects, the analytic approaches *fell into six categories*

	Types of Analytics	Description	Example
	Descriptive/benchmarking	Report on, and compare existing HR data at various levels of granularity	*Identify percent of project leaders that voluntarily left the organization in the last 12 months.*
	Diagnostic	Understand the potential relationships and patterns among variables that contribute to outcomes as well as data not fitting standard patterns	*Understand the potential relationship among age, tenure, pay, training and promotion velocity of top contributors who left in the last year.*
Predictive	**Forecasting & scenario modeling**	Identify future directions and different outcomes under various scenarios	*Identify by segment how many key account managers will leave next year.*
Predictive	**Propensity modeling**	Understand the predisposition of specific people and groups to take certain actions in the future	*Isolate the factors that would most likely contribute to a key leader's decision to leave the organization.*
	Prescriptive modeling	Define the optimal actions to take to achieve a future outcome	*Identify the five actions that will lead to the greatest level of R&D leader retention.*
	Cognitive computing	Uncover patterns in complex data quickly, and easily explore multiple hypotheses, using natural language to interact with advanced computing systems that sense, infer, and even think	*Verbally ask about the relationship between recruiting sources and performance among thousands of employees, and receive additional alternative patterns worth exploring.*

As expected, the more mature organizations were applying predictive modeling, but they also dispelled the myth that descriptive analytics must be mastered first. They explained that once usable data is available and people with the right skills are in place, organizations can "jump" to predictive modeling.

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Our research ***uncovered four emerging analytic approaches*** that organizations are starting to investigate

Social analytics

Using data from internal and external social sites to derive workforce insights

Integrated external labor market analytics

Capturing and applying information about local and global labor markets

Neuroscience analytics

Using analytics based on neuroscience to better understand employee aptitude for different work-related activities

Sensor analytics

Studying how employees move and congregate to better understand collaboration patterns and sources of innovation

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Among the many different areas, *six workforce levers emerged as being the most critical*

*One of the things we have looked at is **the impact on revenue if a store leader leaves.** For instance, we are using analytics to ask, "When a leader is not present, is there a drop in revenue, how much, and how long does it take to get back to previous levels"*

Organizational Development Leader,
Global Services Company

Workforce Analytics Levers

*Employee profiles in e-commerce provide us with data that helps us **understand where key skills live to better execute business initiatives.** We start with asking where are they, are they balanced across different teams, and are we at risk of loss of those who are critical?*

Senior Group Manager,
HR Business Intelligence, Retail

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Analytics leaders made it clear that without certain *capabilities,* an organization will inevitably struggle as they pursue workforce analytics

> *You've got to have good partnerships with your **IT teams** – if you don't have this, there is no way you will be successful.*
>
> VP of HR, Distribution

> *One of our **greatest challenges is credibility.** We're getting a little better at it. Years ago, nobody ever heard of HR analytics and wondered why we would do analytics in HR. They couldn't begin to imagine what we really did.*
>
> **Melissa Arronte, SVP,** HR Analytics, Citizens Financial Group

> *We are picky about data quality. If data is wrong for one person, the organization will question the entire 1000 people analysis. We have to trust enough to see the value in the data, but the problem is that this is about 'Bob', a person; **it's personal and not about a bottle of shampoo.***
>
> Head of Talent Analytics, Retail

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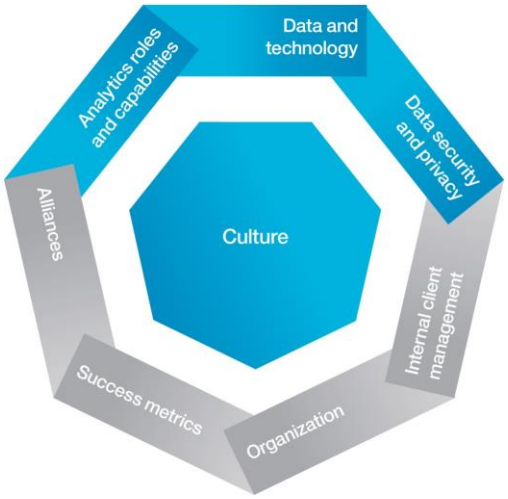
Study participants revealed ***eight target organizational capabilities*** that they believed were most vital to their workforce analytics success

…with four being considered even more critical than the rest

Workforce Analytics Organizational Capabilities



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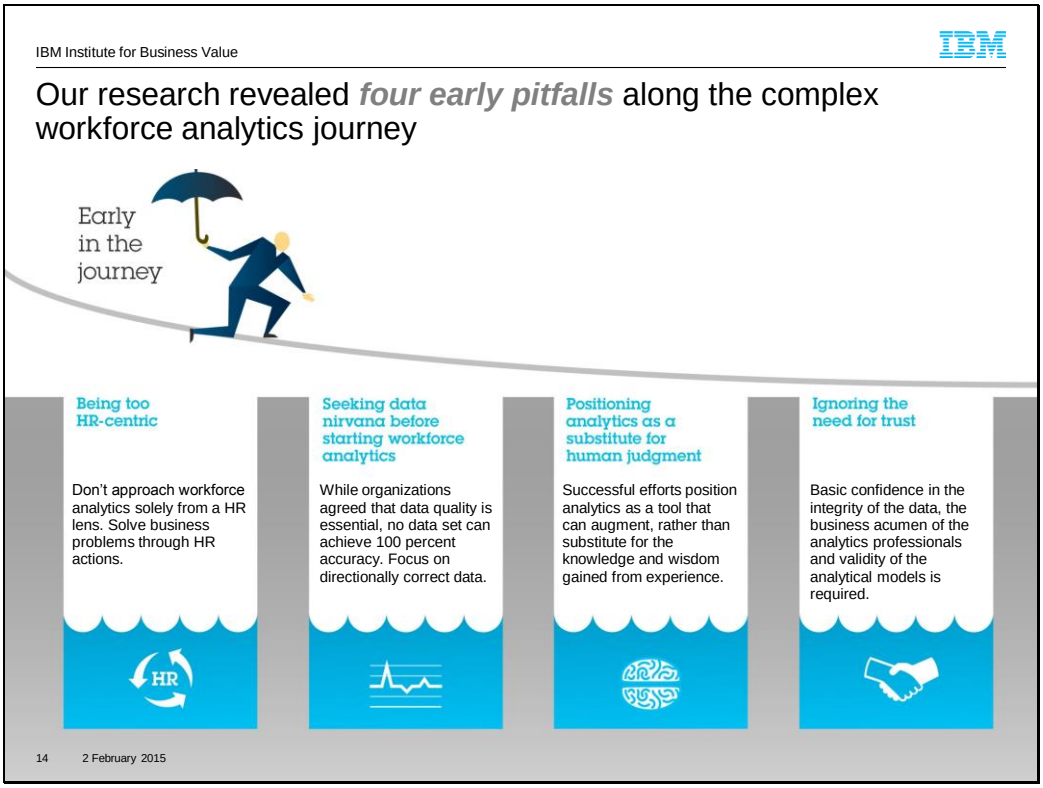
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Our research revealed four early pitfalls along the complex workforce analytics journey
Early in the journey
Being too HR-centric
Don't approach workforce analytics solely from a HR lens. Solve business problems through HR actions.
HR
Seeking data nirvana before starting workforce analytics
While organizations agreed that data quality is essential, no data set can achieve 100 percent accuracy. Focus on directionally correct data.
Positioning analytics as a substitute for human judgment
Successful efforts position analytics as a tool that can augment, rather than substitute for the knowledge and wisdom gained from experience.
Ignoring the need for trust
Basic confidence in the integrity of the data, the business acumen of the analytics professionals and validity of the analytical models is required.
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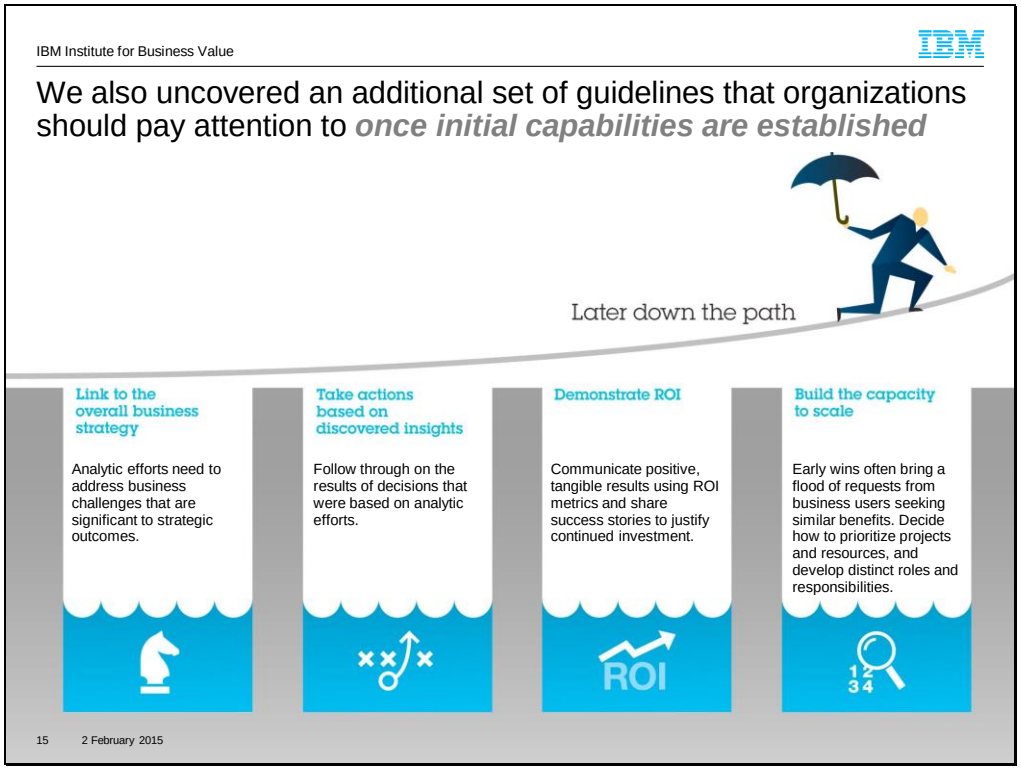
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We also uncovered an additional set of guidelines that organizations should pay attention to *once initial capabilities are established*
Later down the path
Link to the overall business strategy
Analytic efforts need to address business challenges that are significant to strategic outcomes.
Take actions based on discovered insights
Follow through on the results of decisions that were based on analytic efforts.
Demonstrate ROI
Communicate positive, tangible results using ROI metrics and share success stories to justify continued investment.
ROI
Build the capacity to scale
Early wins often bring a flood of requests from business users seeking similar benefits. Decide how to prioritize projects and resources, and develop distinct roles and responsibilities.
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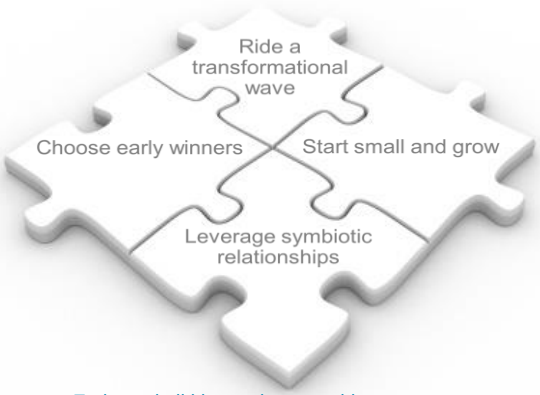
Research participants had advice for those organizations new to workforce analytics about how to get started

Leverage momentum from on-going transformation efforts to obtaining buy-in and resources, and create visibility

Work with partners who have a clear need and are receptive to analytics



Keep it simple at first and then expand by gradually taking on more complex projects

Early on, build internal partnerships to get a head start and leverage scarce resources

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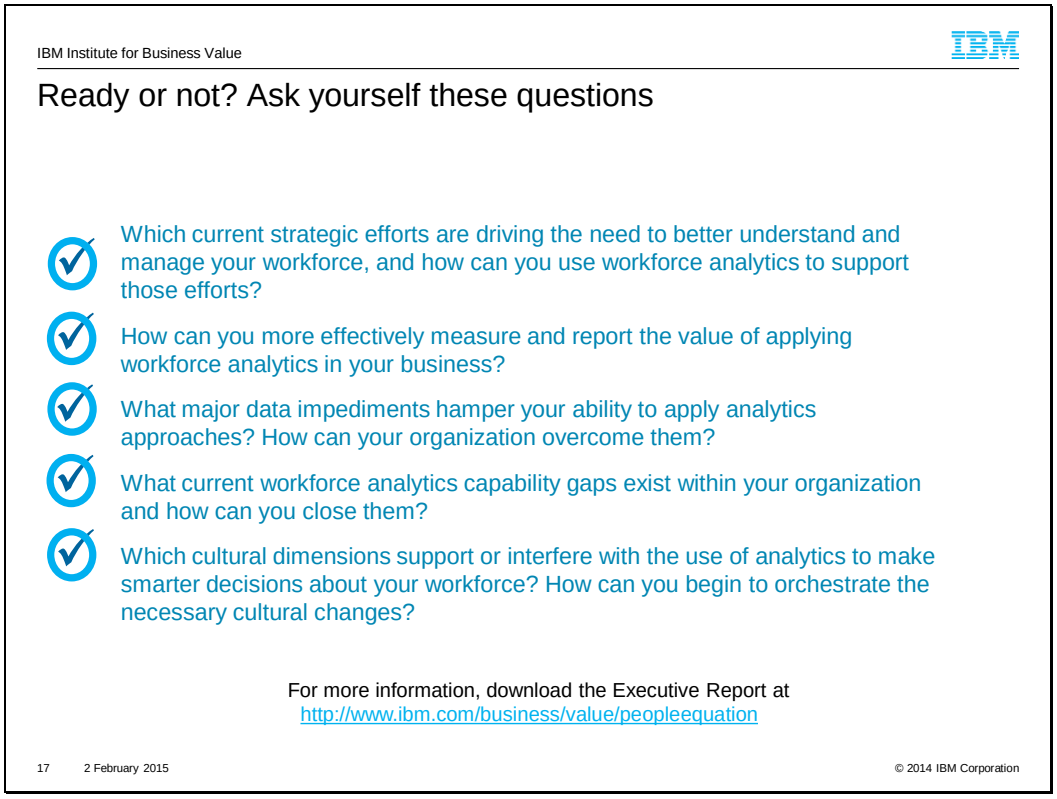
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Ready or not? Ask yourself these questions
Which current strategic efforts are driving the need to better understand and manage your workforce, and how can you use workforce analytics to support those efforts?
How can you more effectively measure and report the value of applying workforce analytics in your business?
What major data impediments hamper your ability to apply analytics approaches? How can your organization overcome them?
What current workforce analytics capability gaps exist within your organization and how can you close them?
Which cultural dimensions support or interfere with the use of analytics to make smarter decisions about your workforce? How can you begin to orchestrate the necessary cultural changes?
For more information, download the Executive Report at
http://www.ibm.com/business/value/peopleequation
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