

HARRT at UCLA

HUMAN RESOURCES ROUND TABLE
Since 1986



THE NEW FACE OF HR:

New Perspectives, New Opportunities

April 29, 2015

TOWERS WATSON



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Talent Management in a VUCA World

Raising the Bar on Talent Decisions



Environmental Context



Volatility

- Asset / commodity prices
- Geo – Political

Uncertainty

- Demand deficiency – *global growth at 3.5% projected for 2015 – US only at 2.5%*
- Fragile finances
- Stagnant productivity

Complexity

- Interconnectedness
- Newer business models
- Larger number of variables

How does one compete in this environment ?

Ambiguity

- Wider choices for customers
- Need for speed

Visibility

- Social Media
- Technology access

What are CEOs worried about globally ?



- Improve **performance management processes** and accountability.
- Provide **employee training and development**
- Enhance **effectiveness of the senior management team**.
- Raise **employee engagement**
- Increase efforts **to retain top talent**
- Improve **leadership development programs**

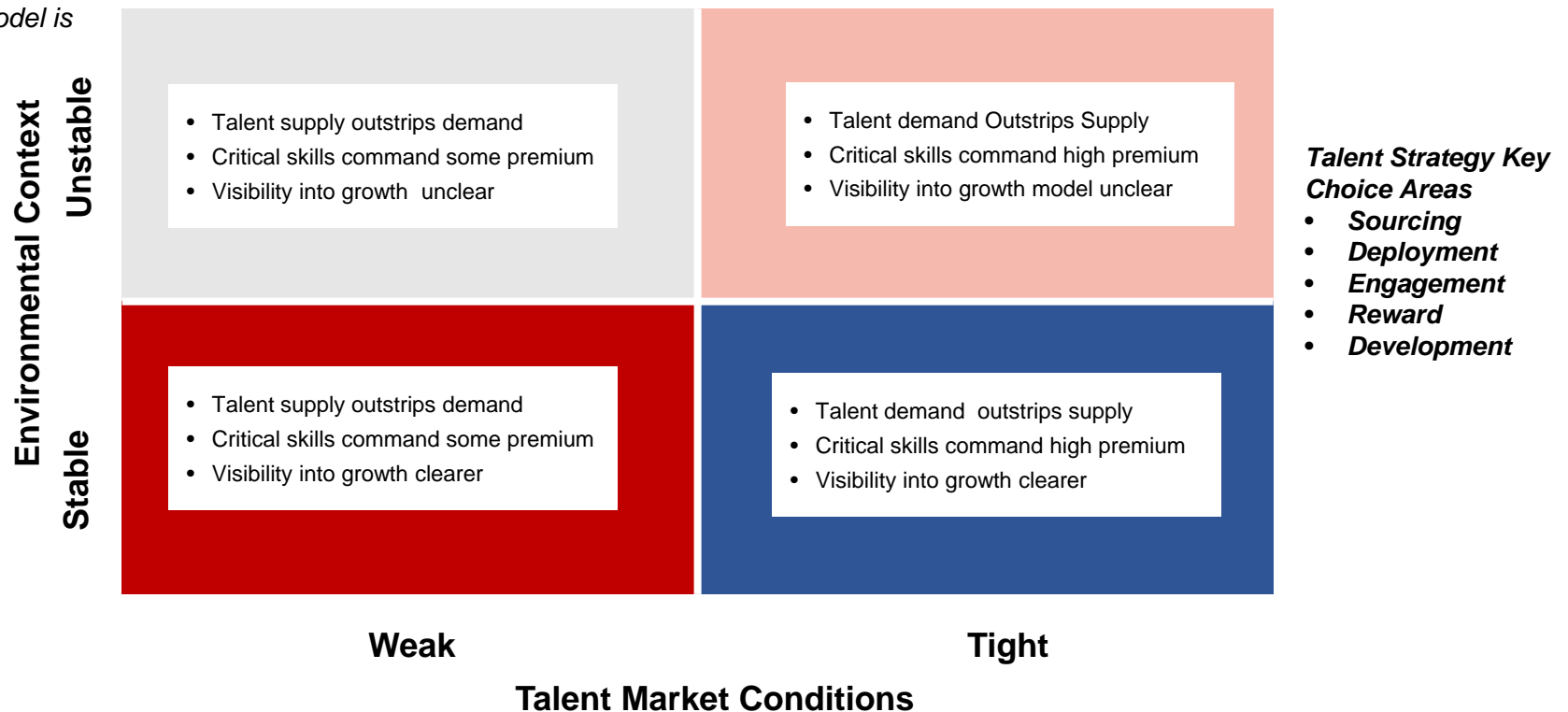
Source: Conference Board Research - 2015

Developing Talent Scenarios (Illustrative Contexts)



Baseline Scenario

- Demand exceed supply
- Critical skills command high premium
- Growth model is



Developing Talent Scenarios (Illustrative Approaches)



Environmental Context	Unstable	<ul style="list-style-type: none"> • Focused on mission critical jobs (<i>build and buy</i>) • Narrow career moves across organization • Performance evaluations focused on values and outcomes • Extensive segmentation in rewards and development activities • Significantly leveraged compensation 	<ul style="list-style-type: none"> • Focused on mission critical jobs (<i>More buy than build</i>) • Narrower career moves across organization • Performance evaluations skewed towards outcomes • Strong segmentation in rewards and development activities • Some leveraged compensation
	Stable	<ul style="list-style-type: none"> • Wider sourcing, build multiple capability needs (<i>More build than buy</i>) • Wide career moves across organization • Performance evaluations focused on values and outcomes • Extensive segmentation in rewards and development activities • Significant leveraged compensation 	<ul style="list-style-type: none"> • Wider sourcing, multiple capability needs (<i>More build than buy</i>) • Wide career moves across organization • Performance evaluations focused on values and outcomes • Strong segmentation in rewards and development activities • Significant leverage in compensation
		Weak	Tight
Talent Market Conditions			

- Needs:**
- Data
 - Model
 - Insights

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Raising the Talent Conversation Level

Insights from Royal Bank of Canada



Improving Talent Conversations



Problem Statement

- Current Challenge (i.e. deficiencies)
 - Gaps in the timeliness, consistency, comprehensiveness or accuracy of talent/workforce information
 - Fragmented understanding of talent/workforce characteristics and issues
 - Absence of systematic tracking of outstanding human capital issues, opportunities, priorities as well as accountabilities and responsibility to effect change
- Root Causes (i.e. differentiated from symptoms)
 - Information flow and “all source” analysis of human capital is not integrated
 - Decision rights and primary responsibility for identifying and resolving complex people-related issues is insufficiently clear
 - Capability and focus is oriented on urgent issues, rather than monitoring, decision making and planning strategic opportunities
 - Workforce decisions do not always include the “right” stakeholders

Improving Talent Conversations



What Does Success Look Like?

- Provide CHRO (and HR leadership) with system for monitoring and reporting people risk
- Better decision making and improved business impact through systematic prioritization of activity
- Improved talent performance monitoring allowing earlier identification of challenges and opportunities

Six Key Decisions



Reporting Routines	Ad hoc ←————→ Systematic
Data aggregation	Not Consolidated ←————→ Total Consolidation
Analytic capabilities	Decentralized ←————→ Centralized
Centre of Expertise (Analytics)	No COE ←————→ Strong COE
Role of HRBP as Conduits to Business Units	Weak ←————→ Strong
HR Numeric Frequency	Weak ←————→ Strong

Setting the vision is a critical element for selecting a set of analytical tools and developing the management processes to effectively utilize them.

Types of Analysis and Decision Support (1)



Types of analysis and decision support


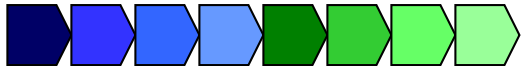
- Stand-alone facts (anecdotes)
- Data validation of assumptions
- Key indicators
- Ongoing reporting
- Benchmarking
- Correlation analysis
- Causation analysis
- Forecasting and simulation

Foundations

- Accurate data
- Integration of multiple data sources
- Governance processes
- Tool usability relative to type of analysis
- Standardization of definitions and calculations
- Data refresh frequency

Types of Analysis and Decision Support (2)



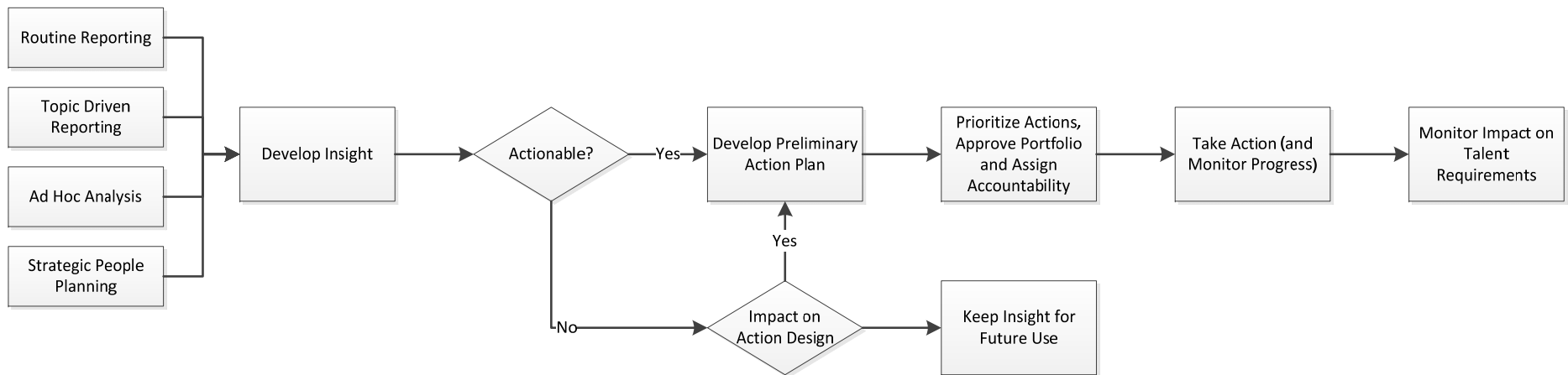
WFP Type	Purpose	Time Frame
Scheduling	Assigning individual employees to time slots in a workforce schedule.	Hour/Day > Month 
Staffing (or Hiring)	Assigning individual employees to jobs and identifying specific recruitment requirements.	Month > Quarter 
Tactical	Forecasting attrition, hiring, potential gaps, movement and training on a non-individual basis to support HR planning.	Quarter > Year 
Strategic	Forecasting attrition, hiring, potential gaps, and movement on a non-individual basis to support HR planning for key initiatives or critical roles.	Year > Decade 

Conversation Integration (Sample)



People Dimension	People Management Processes (Leading Indicators)							People Management Outcomes				Overall Status
	Source & Attract	Enable Performance	Compensate / Reward	Assess & Evaluate Talent	Talent Development	Deploy	Retention	Staffing (Gaps)	Capabilities / Skills	Values and Culture	Engagement	
Overall Status	●	●	●	●	●	●	●	●	●	●	●	●
Leadership	●	●	●	●	●	●	●	●	●	●	●	●
Key Revenue Roles	●	●	●	●	●	●	●	●	●	●	●	●
Managers	●	●	●	●	●	●	●	●	●	●	●	●
Knowledge Workers	●	●	●	●	●	●	●	●	●	●	●	●
Diversity	●	●	●	●	●	●	●	●	●	●	●	●
Employees Approaching Retirement	-	-	-	-	-	-	●	-	●	-	-	●

Converting Data into Insights, Action and Impact



- Collection of insights from various management processes (e.g., operational reporting, integrated assessments, strategic people planning, topic specific analysis). COE-driven technical support likely required for forecasting and advanced data mining
- Determine if action is required and confirm accountability as appropriate, integrating data, experience and business requirements
- Prioritize actions and allocate resources (subject to responsibilities and authorities)
- Take action and monitor impact

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The Journey

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Building the Analytical and Reporting Team



Mandate. To support the ability of RBC's businesses and functions, individually and collectively, to make short and long term workforce composition decisions, plans and actions to achieve business objectives with optimal people investment

- **Reporting.** Improve people scorecards, workforce analytics, and HR reporting and their associated management and operational routines to better enable talent and workforce decisions and management, issue and opportunity identification and assessment, and action planning
- **Analysis and Workforce Planning.** Develop and maintain approaches and analytics that enable effective workforce planning and management across HR teams and disciplines
- **Capability Building.** Act as a knowledge centre for strategic workforce management, including opportunity spotting and developing capabilities across the entire business as appropriate
- **Performance Enablement.** Enhance people management and planning across RBC through the use of capabilities frameworks, standard job and skill taxonomies, linked to overarching business talent requirements

Composition. Nine staff ranging from technical data analysis and systems design to the interpretation of HR data relative to business requirements. This is supported by 10 staff in a shared services reporting team and analysts sitting with the HRBPs.

Initial Workstreams



Workstreams

1. **Standardize HR metrics**; start with “Tier One” measures. Identify and correct off-standard usage
2. Roll-out metric packs and Success Factors access to **enable integrated reporting**
3. Develop **master reporting architecture** and structure for HR Metrics and Reports. This will be aligned with key management routines and engagement models
4. **Embed reporting accountabilities and decision making** into other business processes
5. Provide **decision support for key workforce issues** raised by business leaders
6. Implement tool-box for workforce planning
7. Enable advanced data mining and forecasting

Guiding Principles

- Use “out-of-the-box” metrics and definitions wherever possible
- Follow a *One HR* approach; all of HR benefits and has a role in establishing the desired state
- Embed a narrative into reporting
 - Structured presentation of data helps storytelling, reducing the need that everyone be a data interpretation expert
 - COEs need to be declarative about what and why specific metrics matter
- Close integration of:
 - Reporting and analytical tool development;
 - People planning processes and techniques; and
 - HRPB role definition and training
- Willingness to make talent and workforce information directly available to decision makers, inside and outside of HR

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Some Reflections

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Challenges and Lessons Learned



1. Data, calculation and report standardization is critical and requires the assertion of expertise (i.e., not all opinions are valid)
2. Early wins are necessary to prove value
3. Integration of data typically provides more value than additional data on a single HR process or dimension
4. Change management effort was quite high relative to the actual amount of change
5. Need to **over** communicate that reporting automation reduces overall work level
 - Working assumption of many stakeholders is that new reporting is additional to current work loads
 - High level of concern from reporting analytics about who will provide insights and observations as future reporting is less on data preparation and reporting mechanics
6. Reporting standards and responsibilities need to be clear; most stakeholders were uncomfortable and resistant to adopting best practices if it conflicted with earlier guidance from business leaders
7. A few questions that need to be answered:
 - When should HR lead in Human Capital Management Routines?
 - How much variance from best practice is permissible? Should support be provided for HC analysis or decision making that is “wrong”?
 - How can HRBPs and HR Analysts be empowered where HR should take a leadership position?
8. More centralization of HR analysis is required due to the effort and time required to develop data expertise for a large population of HR practitioners

Where next?



- Developing or enhancing management routines, inside and outside HR, that require workforce facts and analysis. Limited reliance on anecdote
 - Ensure business decisions incorporate workforce sufficiency as criteria
 - Clear articulation of the businesses' workforce needs
 - Use process and report format to help structure workforce conversations
- Continue to identify key leverage points, providing insights that could not be done without integrated data
- Enhanced analysis tools and team to support forecasting and business decisions
 - Integration of data
 - Add team members with non-HR, forecasting experience
- Promote a “systems” perspective of the workforce to stakeholders (people, process, analysis and reporting)