MERCER WEBCAST
WORKFORCE METRICS AND ANALYTICS
WHY IS THIS STUFF SO HARD? FIVE EASY STEPS
August, 2013

Brian Kelly
Partner, Global Practice Leader, Workforce Analytics & Planning

Astik Ranade
Principal, Workforce Analytics and Planning Leader, Asia, Middle East & Africa
Today’s presenters

**Brian Kelly**  
Partner, Global Practice Leader, Workforce Analytics & Planning  
Mercer  
+215 350 2641  
*brian.j.kelly@mercer.com*

**Astik Ranade**  
Principal, Workforce Analytics and Planning Leader – Asia, Middle East & Africa  
Mercer  
+65 6398 2692  
*astik.ranade@mercer.com*
Agenda

• Introductions
• Workforce Metrics and Analytics
  – Why is This Stuff Important?
  – Why is It So Hard?
• Five Easy Steps
• Closing Thoughts
• Q&A
WORKFORCE METRICS AND ANALYTICS:
Why is this stuff important, and why is it so hard?
Workforce Economics: Think Like an Investor

Invest
With evidence-based decisions

Facts + Evidence = Effective Investment Decisions

And reap the returns....
Why Is It Important?

Strategic

“Making analytics and fact-based decisions is a key element of strategy and competition in HR and elsewhere.”

*Tom Davenport, Competing on Analytics (2007)*

Competitive Advantage

“Leading-edge companies are increasingly adopting sophisticated methods of analyzing employee data to enhance their competitive advantage.”

*Tom Davenport, Jeanne Harris & Jeremy Shapiro, Competing on Talent Analytics (2010)*

Financial

“Companies fill their annual reports with information about how they use capital but fail to reflect on their use of the “thinking intensive” people who increasingly drive wealth creation in today’s digital economy.”


Companies using business intelligence and workforce analytics tools obtained many significant benefits, including:

- 14% year-over-year improvement in revenue per employee (compared to 5% for those that don’t)
- 20% decrease in unnecessary overtime payments.
- A doubling in measured customer satisfaction.
- 13% increase in workforce utilization.

*Source: Aberdeen Group, Workforce Analytics: Key to Aligning People to Business Strategy*
Deeper Analytics Help Us Move from “I think” to “I know”
Polling question and results
Where is your organization on the measurement continuum?

- Reactive checks / Ongoing reports: 38%
- Benchmarks: 45%
- Correlations: 7%
- Simulations and forecasting: 9%
- Predictive / causal modeling: 0%
# Two Categories of Human Capital Measurement

<table>
<thead>
<tr>
<th>Foundational</th>
<th>Advanced</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dashboards for monitoring</strong></td>
<td><strong>Deep dive analytics</strong></td>
</tr>
<tr>
<td>Counts, rates, and tabulations</td>
<td>Proven inferences about cause-and-effect relationships</td>
</tr>
<tr>
<td><strong>WHAT is happening:</strong></td>
<td><strong>WHY and WHERE it is happening:</strong></td>
</tr>
<tr>
<td>▪ What is our turnover rate?</td>
<td>▪ Why do people quit?</td>
</tr>
<tr>
<td>▪ How many promotions did we make?</td>
<td>▪ Do lateral moves make employees promotable?</td>
</tr>
<tr>
<td>▪ What are our spans of control?</td>
<td>▪ What experiences drive employee engagement?</td>
</tr>
<tr>
<td><strong>Uses</strong></td>
<td><strong>Tools</strong></td>
</tr>
<tr>
<td>▪ Reporting (internal and external)</td>
<td>▪ Strategy making</td>
</tr>
<tr>
<td>▪ Tracking progress toward goals</td>
<td>▪ Forecasting</td>
</tr>
<tr>
<td>▪ Monitoring trends</td>
<td>▪ Problem solving</td>
</tr>
</tbody>
</table>

**Tools:** Business intelligence tools

**Uses:**
- Reporting (internal and external)
- Tracking progress toward goals
- Monitoring trends

**Output:**
- Counts, rates, and tabulations

**Information:**
- WHAT is happening:
  - What is our turnover rate?
  - How many promotions did we make?
  - What are our spans of control?
- WHY and WHERE it is happening:
  - Why do people quit?
  - Do lateral moves make employees promotable?
  - What experiences drive employee engagement?
FIVE EASY STEPS
Five Easy Steps

#1 Start with impact in mind

#2 Don’t silo your thinking

#3 Avoid data smog

#4 Beware of the shiny new toy

#5 Make it stick
Five Easy Steps

#1 Start with impact in mind
Workforce Analytics: The Way We Currently Think

1. Collect data
2. Choose metrics
3. Report metrics
4. Analyze findings
5. Assess impact
Start with the Business Impact

Business Impact

HR Platform Focus

Workforce Intelligence

Workforce Analytics
Leverage Your Existing Metrics and Analytics

KEY POINT

The metrics and analytics are only as good as the question that generated them
Change Your Thinking: Workforce Intelligence

1. Determine impact
2. Choose metrics
3. Collect data
4. Report metrics
5. Analyze findings
Get the Mindset of Your Senior Leaders
Questions to uncover the people issues

1. What do you believe are the biggest people challenges created by the company’s business strategy?
   For example, attracting the right people, retaining people, developing them, managing individual performance, cutting people costs, etc.?

2. What talent groups or categories will be critically important to achieving your strategic goals?
   What new kinds of talent will be needed? What kinds of talent are you concerned will be the most difficult to obtain or develop? Why?

3. Would you say that your talent acquisition (or workforce development) strategy is characterized by a “build” or “buy” strategy?
   In looking toward the future, how should this strategy change?

4. Which skills/talent groups can be developed internally? Which need to be “bought” from the outside?

5. Do you anticipate any major changes in technology or other innovations that will affect how people do their jobs?

6. Has “the deal” between the company and its employees changed?
   If so, how? (“The deal” includes but is not limited to job/economic security, promises of the future, total rewards, work environment, etc.)
Five Easy Steps

1. Start with impact in mind
2. Don’t silo your thinking
Focus on Desired Impact for YOUR Organization

Business Imperatives + People Strategy
Workforce Intelligence—An Integrated Model

**THE APPROACH**
Create an Action-Oriented Metrics Strategy

**Intent:** Synthesize the ways in which HR data are being used to drive business results

**THE SKILL**
Launch a Data & Dialogue Coaching Program

**Intent:** Expand organizational competency to utilize evidence-based dialogue

**THE ENGINE**
Assemble a Relevant Data Engine

**THE DELIVERY**
Develop a COE that Leverages Technology Tools

**Intent:** Supply core capability to powerfully combine and analyze critical HR and other data

**Business Imperatives + People Strategy**

**Strategic**

**Operational**

**Intent:** Enable better decisions, strategy development/deployment and risk management—technology is key
Five Easy Steps

#1 Start with impact in mind

#2 Don’t silo your thinking

#3 Avoid data smog
Building a Relevant Data Engine

THE ENGINE
Assemble a Relevant Data Engine

Business Imperatives + People Strategy
Data Engine Defined

All Available Data

Data Relevant to Business Objective 1

Data Relevant to Business Objective 2

Data Relevant to Business Objective 3

All Data Relevant to Critical Workforce Questions = The Data Engine

KEY POINT

As the business objectives/questions change, the relevant data must also change.
Assembling a Data Engine
The power of combined data sources—actionable insights

- Employee Demographics
- Recruiting
- Performance
- Training & Development
- Turnover & Retention
- Engagement
- Comp & Benefits
- Mobility
- Diversity
- Employee Energy
- Social Networks

- Productivity
- Quality
- Cycle Time
- Unit Cost

- Customer Satisfaction
  - Loyalty
- Acquisition Costs
- Churn Rate

- Revenue
- Expenses
- Profitability
- Assets/Liabilities

Human Capital Data

Customer Data

Operations & Business Data

Financial Data
… But It is Ok to Build Your Data Engine in Stages

- Compare termination trends across business divisions and locations.
- Break-down termination trends by attributes such as critical role, high performers, age/tenure to identify risk areas.
- Evaluate turnover risk areas by exit surveys, pay, manager tenure, promotions, to build hypothesis on the drivers of turnover.
- Determine correlation between financial results and turnover.
- Use data on internal employee characteristics and external labor market to run statistical models on drivers of turnover.
Best Practices for Assembling a Relevant Data Engine
Facilitate data-driven decision making

- Evaluate readiness *before* assembling your engine
  
  Readiness dictates *what* goes in the data engine, *how* it is deployed (Technology), and *who* receives what levels of data (Skill)

- Explain your criteria for including data
  
  Disclaim any issues

- Start small, build gradually, derive value as you go
  
  Even simple data can generate impact; start with what you have

- Don’t strive for perfection, just transparency
  
  Disclose the data source and any processes it’s undergone

- Continually tune your engine
  
  Revisit your data engine to ensure it’s still relevant to business imperatives

- Employ scalable technology to accelerate sharing and adoption
Five Easy Steps

#1 Start with impact in mind

#2 Don’t silo your thinking

#3 Avoid data smog

#4 Beware of the shiny new toy
It’s Not JUST About Technology

- Technology and data integrity is only half of the solution
- Organizations should spend at least as much time considering change management, communication, and understanding insights.
Match Your Story to the Audience

DATA PEOPLE

DIALOGUE PEOPLE

Good stories come from all levels of data
Five Easy Steps

#1 Start with impact in mind

#2 Don’t silo your thinking

#3 Avoid data smog

#4 Beware of the shiny new toy

#5 Make it stick
Deliver Data and Insights In the “Right Way”

Your Performance

Educate, Engage and Coach

Tell The Right Story

Evaluate Measures

Generate New Insights

Your Performance
Center Of Expertise:
Owned by the institution, driven and facilitated by HR

**Strategic guidance**
- Give strategic guidance and context
- Institution scenarios and related workforce solutions
- Manage implementation & communication

**Process facilitation**
- Facilitate workforce analytics & planning process with institution managers
- Ensure results, validation & implementation

**Process & quality guidelines**
- Define workforce planning process, provide guidance & templates
- An objective, single source of data in workforce analytics & planning
- Ensure communication and training of all stakeholders (HR & line)
CLOSING THOUGHTS
Five Easy Steps

1. Start with impact in mind
2. Don’t silo your thinking
3. Avoid data smog
4. Beware of the shiny new toy
5. Make it stick
## Pitfalls for a Workforce Analytics and Planning COE

You’re in trouble if you don’t…

<table>
<thead>
<tr>
<th>Process</th>
<th>Technology</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Prioritize work so that day-to-day queries don’t drive out longer-term strategic activities</td>
<td>• Develop systems and tools to managed data from multiple countries</td>
</tr>
<tr>
<td>• Ensure the right amount of emphasis is placed on both sophisticated analysis and on joining multiple data</td>
<td>• Ensure HR can access all required data</td>
</tr>
<tr>
<td>• Eliminate data credibility concerns</td>
<td>• Ensure data integrity throughout all systems</td>
</tr>
<tr>
<td>• Ensure that the business owns its workforce planning efforts</td>
<td>• Develop systems and tools with a full understanding all business requirements</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Talent</th>
<th>Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Ensure that expertise resides in more than one or two experts</td>
<td>• Ensure the function is adequately staffed</td>
</tr>
<tr>
<td>• Get people comfortable talking about HR in terms of testing and evidence</td>
<td>• Leverage change management strategies to minimize wariness to adopt an evidence-based culture that can permeate from executives down to employees</td>
</tr>
<tr>
<td>• Ensure HR has the skills to select data and perform analyses</td>
<td>• Provide incentives for sharing data across functions</td>
</tr>
<tr>
<td>• Provide training to potential data users to ensure they have the knowledge required to interpret the information and insights provided by the COE</td>
<td></td>
</tr>
</tbody>
</table>
What’s coming up next
Workforce analytics and planning webcast series

Telling the story with data: Gaining senior-level support for analytics and planning
September 24, 2:00 PM – 3:00 PM
www.mercer.com/webcasts/telling-the-story-with-data

Predictive analytics: How the power of analytics can help drive business success
November 6, 2:00 PM-3:00 PM
www.mercer.com/webcasts/predictive-analytics
What’s coming up next
Workforce analytics and planning workshop series

WORKFORCE METRICS AND ANALYTICS:
Driving Business Results with Data
September 13, 2013

STRATEGIC WORKFORCE PLANNING:
Defining and Fulfilling Business Requirements
October 30, 2013

For more details, visit www.mercer.com/analytics-and-planning-workshops-amea
Questions?

Brian Kelly
Partner, Global Practice Leader, Workforce Analytics & Planning
Mercer
+215 350 2641
brian.j.kelly@mercer.com

Astik Ranade
Principal, Workforce Analytics and Planning Leader – Asia, Middle East & Africa
Mercer
+65 6398 2692
astik.ranade@mercer.com