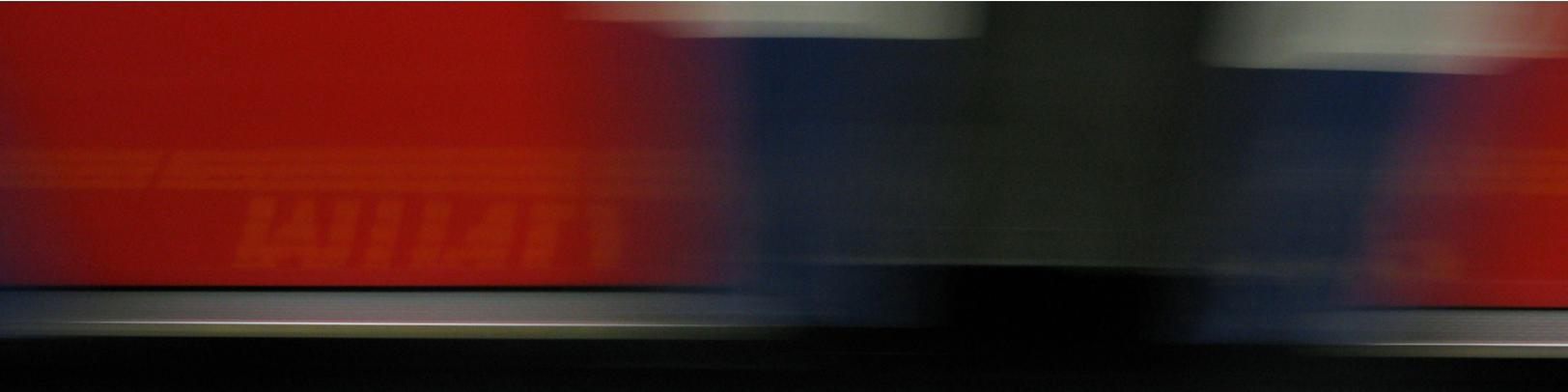
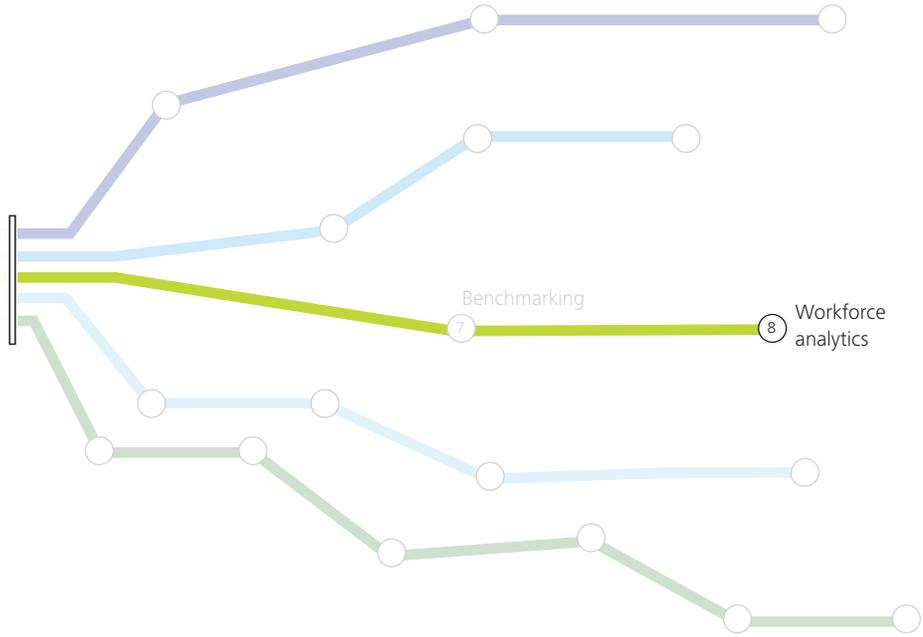


Numbers
behind HR



MIND THE GAP

8 Workforce Analytics

For several years, organizations have focused on the tactical information HR needs, and they've used technology to drive it. However, many have been unable to distill their substantial volume of data into useful, careful, and actionable information.

The need for expanded workforce reporting and analytical capabilities has likely never been as urgent. Workforce issues like acquiring, rewarding, and retaining talent are prominent on corporate agendas. This, combined with tactical issues like disparate HR systems, need for consolidated reporting, need for global and historical data management, self-service reporting, and the need for basic reporting completes the spectrum of challenges faced by organizations today. As a result, organizations are compelled to improve their ability to plan for workforce reporting and analytics solutions.

Some examples of workforce challenges and issues include:

Workforce planning. Account for current and forecasted business needs, as well as workforce-related actions.

Talent acquisition and movement. Correctly measure the effectiveness of recruiting efforts. An organization must understand the needs, patterns, and obstacles that affect workforce migration. It is critical to assess the future demand for skills — and the future supply.

Workforce performance. Manage the effective use of top performers to gauge and manage how performance ties to retention, and to use an effective management structure.

Demographics and diversity. Identify gaps in diversity before they become issues, and rate the effectiveness of the programs designed to address them.

Learning and development. Map progression to development to be better positioned to evaluate effective development programs.

Retention. Invest in staff with critical skills who hold key positions. By measuring and managing turnover issues among this population, an organization can mitigate the potential loss of development investments. Retention is not only about understanding why employees are leaving, but also about determining who intends to leave, as well as knowing when and how to try and change an individual's mind.

Workforce Analytics

The business imperative

Many HR organizations have been slow to facilitate strong reporting and analytics capabilities for people management purposes. The historical focus of reporting and analytical techniques has been in finance, marketing, and operations. Today, this is changing and HR has earned a seat at the table. There are several reasons for this change:

- A focus on the workforce is a priority
- HR is striving to be a strategic function
- The maturity of ERP and other systems is leading organizations to do more with their data

Workforce analytics and reporting — the journey from transactional data to advanced analytics

Deployment of enterprise technology in HR is well established. As a result, organizations are sitting on a tremendous amount of HR data. In some instances, this data is scattered and incoherent. In others, the sheer volume of the data hinders organizations from analyzing it in a useful manner.

Traditionally, organizations have focused on data integrity and on reporting that is specific to core applications, but the need for more meaningful and insightful information has shifted the focus to foundational and advanced or predictive analytics. The illustration below shows the information maturity curve:

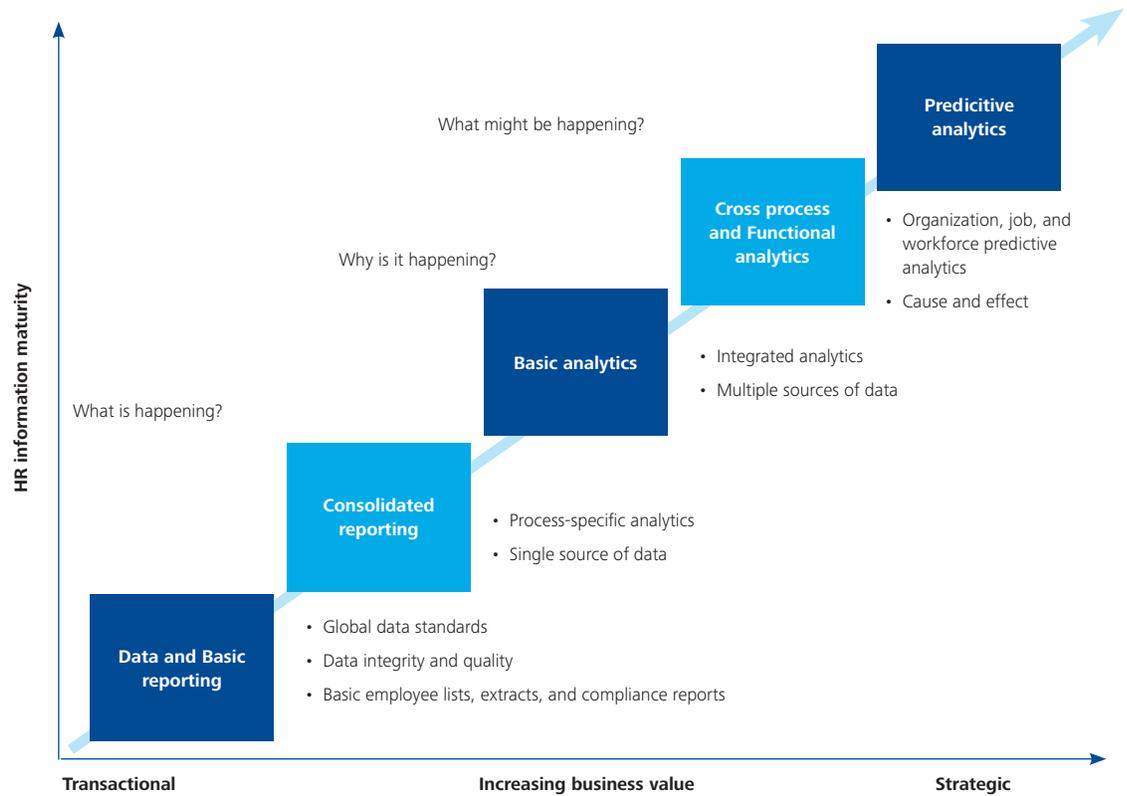
The information maturity curve illustrates a shift from a reactive HR organization to a proactive business model — from reporting on what happened to anticipating what could happen. This journey starts with a sequence of steps:

- Data quality and integrity, which is the key stepping stone and foundation for reporting and analytics
- Basic application-specific transactional reporting (e.g., basic employee lists, compliance reporting)
- Basic analytics oriented to a single process (e.g., recruitment analytics)
- Cross-functional analytics that draw from multiple applications (HR and nonHR)
- Advanced predictive analytics (e.g., predicting the risk of people leaving, predicting the top candidates).

This predictive analytics concept used to be of value to only a handful of companies in the past, but the shift from a reactive to a proactive focus has seen a sharp move toward its broader adoption. More and more companies are interested in retaining talent, and the way to do that is to predict the risk of employees leaving based on industry-specific criteria (e.g., long working weeks, slow time to promotion, compensation). However, the true value is in the actions you take to mitigate the risk.

Organizations can reside anywhere along this maturity curve.

Information maturity curve

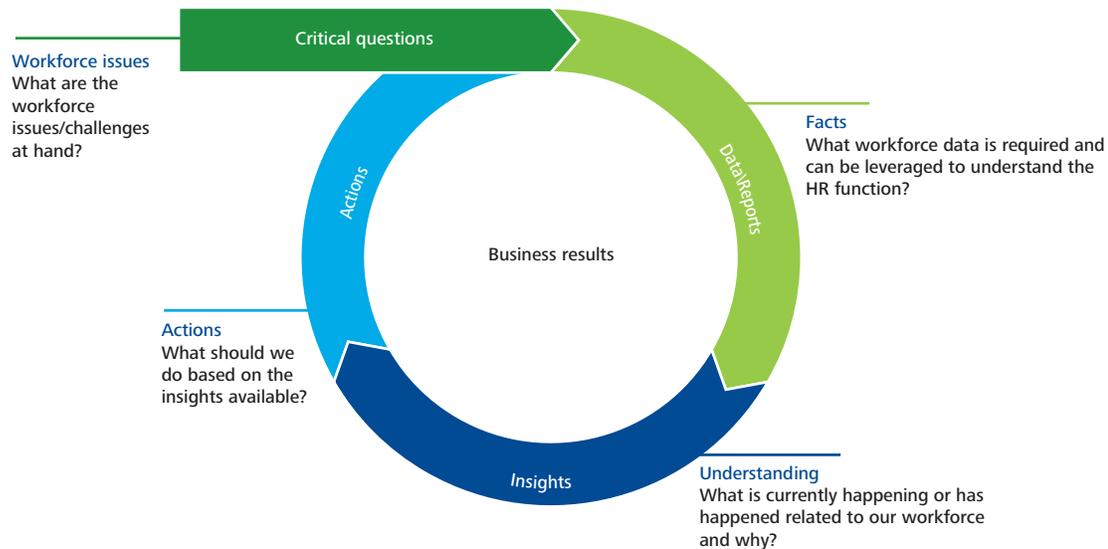


Source: Deloitte Analytics.

Workforce Analytics

Workforce reporting and analytics is a process — keep it simple!

The graphic below provides an overview of the process toward achieving meaningful, business driven workforce analytics:



Source: Deloitte Analytics.

Start with the business issue(s) at hand. Whether dealing with workforce planning, retention, or another challenge, identify the business issue and the related workforce issues. This can provide a key stepping stone in determining the information you need and measure.

Understand the data and information required to measure. It is critical to define a holistic data management solution and establish the system of record before even discussing analytics. Document requirements from an HR and functional perspective, and then use technology to satisfy them. Analytics capabilities can draw insights from both internal and external data sources. Identify those sources and reinforce the processes that determine whether the data is correct, timely, and secure.

Workforce Analytics

Look for insights from the data and reports and turn into meaningful actions. The data, reports, and tools you use may be powerful, but they provide value when analyzed appropriately (e.g., if time to fill a position has gone up from 20 days to 40 days, what does it mean and what actions do you need to take?). The value of workforce analytics is the ability to use the information to think analytically about business issues, and then to use those insights to respond to increasingly sophisticated questions from the business units and leadership and play a strategic role in defining the right questions to investigate as well. This is another journey:

People will require periodic reassessment and realignment of business-oriented analytical skill sets as your HR function and analytics mature.

It is important to identify how analytical decisions are made in your organization. You must also determine who should be accountable for driving the analytics and using the insights. Next, create consistency and consensus around data definitions. Without a shared understanding of the data, including its source and context, the business may question the analytical output.

A sample 'workforce analytics' scenario — increasing business results with the talent acquisition process

Critical workforce issues	<ul style="list-style-type: none"> • How do we fill the skills gap in our workforce? • What skills and competencies are required to fill the critical jobs? • How do we decrease time to hire to increase revenue? • How can we reduce our sourcing costs?
Data/Reports/Measures	<ul style="list-style-type: none"> • Critical jobs report • Applications by job report • Applications by source report • Time to fill critical jobs report by time period • Open requisitions by critical jobs report • Internal movement report by location, skills, and competency
Insights	<ul style="list-style-type: none"> • Time to fill a critical job has doubled • Number of vacancies has increased in key organizations • Internal skills and competency are not filling the void • Certain sources are not providing skilled candidates • Applicant pool is shrinking
Actions	<ul style="list-style-type: none"> • Reduced sources/suppliers not providing candidates • Increased applicant pool by using social recruiting techniques (like social networking sites) • Changed hiring policies to recruit from other countries
Results	<ul style="list-style-type: none"> • Possible results that may occur: <ul style="list-style-type: none"> – Decrease in sourcing costs by 40% – Decrease in time to hire by 25% – Increase in cost to issue visa for overseas candidates but lowered salary/compensation levels – Increase in productivity leading to increase in sales

Source: Deloitte Analytics.

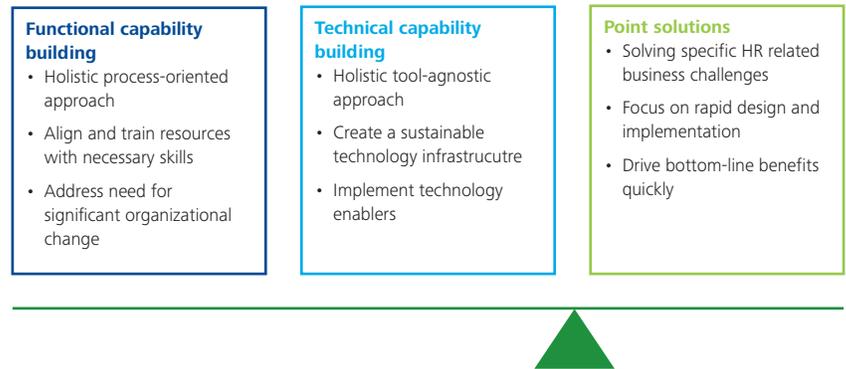
Tips for achievement

It is a long journey. Work in chunks and use data to drive decisions. The journey from basic reporting to advanced analytics applies in most cases.

Take actions based on insights. Analytics can become shelfware if it points toward actions but you do not take them. Using the current trends discussed above, we can identify sample actions that organizations might execute. For example, in workforce planning, analytics can help a company avoid capacity gaps and shortfalls. Analyzing workforce performance can direct the creation of effective management structures. Analyzing data associated with demographics and diversity can help identify gaps and potentially reduce the risk and costs associated with litigation. There are similar action payoffs related to other trends, including acquisition and movement, learning and development, and retention.

Point solutions are important, but capability building can lead to better results. The diagram below highlights key differences between the two approaches.

Point solutions diagram



Source: Deloitte Analytics.

Leverage your investments in technology. You do not have to buy new technology. Leveraging your investments can be a good starting point.

Consider a vendor-hosted analytics solution. Vendors can now host a reporting and analytics infrastructure and provide analytics support based on leading practices and industry knowledge. This reduces the in-house cost to host, license, implement, or support an analytics platform.



Conclusion

Identifying HR business issues can help define the development of a road map to advance your organization toward a scalable and sustainable workforce analytics capability and a more proactive HR function. Remember that this is not a switch a company can flip. As expectations, capabilities and habits grow around the new approach, the journey to effective reporting and analytics can bear fruit over time.