Given the importance of talent and people in the financial services industry (FSI), it’s time to move beyond instinct, gut, and tribal wisdom in making workforce decisions. If you’re not using workforce data and analytics to drive your talent decisions, you may be behind the curve — and at risk of losing your competitive edge. As HR works with FSI leaders on the front lines, analytics are becoming critical in making more effective decisions related to workforce planning and recruitment, risk management, compensation, development programs, and deploying critical talent.

Workforce analytics involves using statistical models that integrate internal and external data to predict future workforce and talent-related behavior and events. These models can help financial services organizations focus limited resources on critical talent decisions. For example, models have been demonstrated to predict the likelihood that a particular employee will leave in the next six months — and can provide likely reasons for the prediction.

**What’s driving this trend?**

**The need for foresight — moving from reactive to proactive.** Many leading HR operations are moving from filing reports to harnessing the power of workforce analytics to make more effective decisions in hiring, training, assignments, and trend projections.

**Increased regulation and scrutiny.** In the wake of the financial crisis, many organizations in the financial services sector find themselves under unprecedented scrutiny. Workforce analytics can help identify issues and risks before they become problems, and can point the way to corrective action.

**Falling technology and data costs; new models and tools.** Software-as-a-Service (SaaS) technology and cloud computing are driving down the cost of data management and analytics, making sophisticated workforce analyses faster, cheaper, and more broadly available. New solutions are demonstrating to be easily scalable, creating accessible options for organizations of almost any size.

**Data-savvy leaders.** There has been a significant shift in HR leadership, with a new breed of executive coming into HR from Finance and Operations. The new leaders bring data-driven techniques along with them — and they are
quickly changing how HR does business. They’re challenging their HR organizations to be more fact-based and focused on higher returns on HR investments.

Richer and deeper data. Companies have amassed large quantities of workforce data over the past 10 years from their enterprise resource planning (ERP) and HR management systems. This decade of experience has produced new sources of data, as well as more effective data integration and governance. Financial services organizations now have timely access to higher-quality workforce information than ever before.

If you’re paying people with a payroll system, you have enough data required to begin.

Generational differences and diversity in the workforce. The growing diversity and complexity of today’s workforce are forcing organizations to adopt new solutions, which are being quickly embraced by a new generation of HR leaders. Many younger HR leaders are Internet natives and are often more receptive to using advanced analytics technology and analytics as a natural part of doing business.

Practical implications
When it comes to workforce analytics, the most important step is the first one: getting started. Most financial services organizations already have the data they need so there’s really no excuse for delays. As one executive said, “If you’re paying people with a payroll system, you have enough data required to begin.”

Visualize a five-phase journey. View your workforce analytics efforts as a multiphase transformation.

Start with real business problems. Begin with an assessment of current challenges. Moving from basic reporting to advanced, predictive analytics takes time and investment. Tying the effort to top business challenges makes it real and promotes greater acceptance and adoption of workforce analytics.

Focus on building capabilities from the outset. Don’t underestimate the magnitude of the shift to an analytics mindset. Moving from a reporting culture (filing reports) to an analytics culture (creating and using actionable data) requires organizations to define analytic goals precisely and provide concrete examples of benefits that help users visualize the “art of the possible.” Building a sustainable and scalable analytics capability may not happen quickly.

Keep the end in mind. You’re moving to an operating environment where you’ll use predictive modeling to make more effective workforce decisions. Don’t lose sight of that.

Lessons from the front lines
The most effective workforce analytics programs strike a balance between capability building and point solutions. Being “capable” means building long-term value through detailed HR systems, a holistic approach to data, and

### Business Analytics Enablers

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<th>Phase III Defined</th>
<th>Phase IV Advanced</th>
<th>Phase V Leading</th>
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Source: Deloitte Consulting LLP
change management that gets the organization on board. Point solutions focus on specific challenges, such as marketplace priorities, recruiting, retention, and risk. In the final analysis, the combination should be both sustainable and scalable. Here are eight possible entry points:

- **Workforce planning and management.** What types of talent do you need across your businesses and geographies — and where are demographic shifts creating gaps in your supply-demand forecast?
- **Risk management.** Where are the greatest risks of internal fraud and embezzlement? Could the business be at risk of cyber-terrorism from within?
- **Recruiting analytics.** As you focus on near-term needs and future generations, what are your most effective strategies for attracting critical talent?
- **Retention risk analytics.** Which categories of employees and which specific employees are flight risks? Why?
- **Organizational design.** What operating models and organization structures can help you manage growth in the “new normal?”
- **Leadership development.** Who will replace your current leaders and when? What is their probability of success?
- **Workforce transitions.** How can you make more effective workforce deployment decisions related to mergers, acquisitions, realignments, market opportunities, global expansion and competitive threats?
- **Health and productivity.** How can you more effectively correlate benefits and related investments in wellness with productivity?

**Workforce analytics: Leaders are all in**

Workforce analytics is already demonstrating its value in the financial services sector. For organizations that embrace the power of analytics, there is no going back to basic reporting and shoot-from-the-hip decisions. The challenge is clear: Get a plan. Move fast. Stay focused on two things — building capabilities and solving business problems.

In terms of primary capabilities, the building blocks of a successful workforce analytics program rest on the following general questions:

- **People.** What kind of organization and specific skills are needed to support an analytics capability?
- **Process.** What’s the leading way to improve the impact of decision support tools?
- **Technology.** What tools and systems are necessary for data-driven decisions?
- **Data.** How do we get the most value out of internal and external data?
- **Governance.** How will data guide decisions — and who is accountable for implementing them?
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