



People analytics operations: Planning for long-term success (Part 3)

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David Mallon: Welcome back to Capital H, transforming the experience for your workforce into one that's more human—one that helps your people find meaning in their work. This is a competitive advantage, and it's a tough one to beat. It's also a challenge, and part of how companies are meeting that challenge is data, specifically people analytics: being able to bring data and data-driven insights into their day-to-day workforce decisions, and into helping make that workforce experience more compelling and more human.

These organizations are not just successful to the degree to which they implement the capabilities, the skills, the technologies, and so forth, but the degree to which they make

the use of people data, this people analytics muscle a part of their day-to-day, a part of the lifeblood of how every supervisor, every manager, every executive, and every person in their workforce goes about their work.

Today, with an eye on how do we make people analytics part of our day-to-day, we're going to pick up a conversation that we've started over the last three episodes.

In part one, we talked about people analytics overall. We talked about strategy, why we're doing it, how we get started. In the second episode, we dove into how we progress down that path—how we build this muscle. In today's part three, we're going to conclude the conversation by looking into the future.

How do we plan for long-term success? How do we make this part of how we operate every day?

Joining me again today are my colleague, Bill Docherty. He's a managing director and a leader in Deloitte's Human Capital People Analytics practice. Welcome back, Bill.

Bill Docherty: Hello, David.

David: And once again, Nicholas Garbis. He is vice president of People Analytics Strategy with One Model. Again, thanks so much for joining us, Nick.

Nicholas (Nick) Garbis: Thanks, David.

David: Bill and Nick, over the past two episodes we've covered building foundations for a strong people analytics strategy and strong organizations, and then beginning to execute that strategy to create a capability.

Now, for our listeners, let's turn to how this vision evolves over time. How do we ensure long-term success?

Bill, I want to start with you. Give us an example of a best practice, a lesson learned. What are things that you've seen clients do that other clients would say, "If I only had known that as I was getting started ...?" Give our listeners one or two of those "aha's" that will ultimately end up being factors in their long-term success.

Bill: I would draw not just upon my own experience, but an even richer pool, and that's our Deloitte high-impact people analytics research that we've done. That has shown that there are seven key factors that consistently impact people analytics success. Given our time today, I won't discuss all of these, but there are two factors I would like to mention. One is building data proficiency; building a common lexicon and understanding of your workforce data with all the key stakeholders.

So, David, if you and I are talking about what does attrition mean? How is it measured? We're talking from the same foundational understanding. Our research shows that high-performing people analytics organizations are 20 times more likely to have strong data literacy than their peers.

The second key factor and lesson learned we've seen working with clients is very closely related. These high-performing organizations are very intentional about building trust and transparency in the data. They recognize that individuals will start this journey with a variety of past experiences with workforce data, and they may have existing preconceived notions on important workforce metrics that are primarily based on tribal knowledge and supposition, and not sound analysis.

Ensuring that all stakeholders have faith in the workforce insights that are being

produced is critically important to success. Without that foundation, it's going to be very difficult to build upon and be successful.

David: Nick, what would you add? We've talked a lot about the foundations here, but long-term what separates the clients you've worked with that have found success from the rest?

Nick: It's achieving scale, which means that you don't create stuff that you then have to pour continuous resources into maintaining. You have to make efficiencies in order to achieve more impact—you're going to need to productize a certain layer of your work, and then a deepening, over time, deeper and deeper relationships with the business are going to allow you to keep seeing the places where you can add value.

There's always going to be more value that can be created through people analytics, but those relationships that you build over time, the trust that you've built over time, is what's going to unlock your ability to see those things. You have to get off the ground, and then, at a level of maturity, be able to continue to scale, and to be able to suss out those most important business challenges.

David: In both of your answers, what I'm taking away is that it's about creating roots, roots in our day-to-day operations and culture, creating some common literacies. We've got a set of tools that we're going to use to build something with that's woven into the fabric of how the organization works.

So, let me bring a little bit of my own personal perspective in here. My team and I, in Deloitte's Insights2Action capability, within our Human Capital practice, we focus not just on helping clients find answers, but also, helping them to sense, to ask better questions, to understand what to pay attention to in the first place.

And so, I can imagine, given the world we're in with continuous and tremendous disruption, a lot of uncertainty about work, workforce, and workplace—in this context, in this world, we may not always be able to do the big research projects, but turn to hypotheses we can build research around

and we can test, which we can then build models from that we can use to create dashboards, and so forth.

In that context, where does this capability that you're describing, where does it go? Where does people analytics go when it's not about building a model that turns into a dashboard, but it's really about sensing for questions that we don't even know we need to ask yet—if that makes sense. Nick, I'll start with you.

Nick: Have an analytics-ready data asset. What that means is that it is not rigidly defined by today's challenges. You build a model, a data model, and a structure and a delivery mechanism with visualization of data science that can continuously evolve into the next layers of challenges.

You have to be able to quickly create new metrics. You have to be able to quickly create new content to run new data science predictive models. If you build that right, you are in a position of maximum readiness for the changes in the business of what's going to be there.

We can't anticipate everything, and we can't define everything in a requirements document in advance, so we have to have a strong analytics-ready data asset and visualization, and data science capabilities that we can deploy into an evolving set of business challenges.

David: Bill, come into this conversation; who's using this asset? Is it being used by analysts and the people in analytics function? Or is this now something that might find its way into the hands of a rank-and-file manager, or even an executive that they themselves might be using to watch?

Bill: When you talked about, first of all, this concept of sensing broader market shifts, I'd like to start there. I go back to what we talked about in one of our previous sessions around the four key aspects of an effective operating model, and strategy being one of those pillars. We talked about the need to have a named leader driving that strategy pillar, and really, what we've seen most organizations that have been effective at doing this in terms of looking externally,

detecting changes in the market—how is that going to shift their priorities? It really is that individual leading that strategy pillar that should be driving that.

It's interesting when we think about the other three pillars, whether it be building in the right talent, your governance model, or making sure you've got your insights deeply integrated with your other business processes, those three are what I would call urgent. They're always ever present. Most organizations are really laser focused on driving those three aspects.

It is the strategy area, particularly externally sensing, looking at those external signals as we continue to evolve and drive that strategy is really important, and an area where most organizations could continue to improve.

The business leaders that we're working with, and the rank and file you've talked about, should ultimately be beneficiaries of that evolving strategy, but it's typically not expected that they're the ones keeping a finger on the pulse of the external market and driving that strategy.

David: That makes sense. Now, you talk about this single owner, or leader, for people analytics, but I suspect there are similar single owners for how analytics are being used in other parts of the organization.

Talk to me about that person's partners outside of the human capital or HR world. What are the possibilities here? Where are the partnerships that ultimately allow the whole organization to respond in a more agile way?

Bill: The organizations and individual leaders that we've seen be most successful, they think about building those relationships. They're intentional, they're proactive in terms of identifying who their peers are, driving other similar analytics responsibilities in other parts of the business, and building relationships with them, and making sure that they're aligned on key strategy and technology decisions.

One good example I like to use to make it very tangible is when it comes to workforce planning. For many organizations, when

it comes to workforce and headcount planning, finance is very deeply involved in that. In some organizations, it might be a primarily finance-driven process.

So, where the data is initially set in terms of that headcount plan, and how it's going to be tracked is maybe even a current of finance system, yet, the actual measurement of the headcount and the need to reconcile between actuals versus planned, requires deep coordination between the finance and HR function. We've seen many organizations where we've got strong people analytics leaders that have been focused on building those relationships, and it's allowed them to be much more effective at providing true cross-platform and cross-process insights.

David: Bill and Nick, it's time to wrap up our conversation, and I'm going to end with a look into the future—or maybe not so much the future because it's really here today. AI (artificial intelligence) and algorithms, they're part of our teams now; they're part of our lives, whether we know it or not. They're certainly part of our human capital and people analytics teams.

Unpack that a bit. What does that look like? Where are these tools and technologies showing up? What are they doing today? Where is this going? How are artificial intelligence and machine learning driving value in what we're doing? How are we staying on the right side of these technologies as they continue to augment and accelerate what we do?

Nick: There's two roles that the people analytics team is going to need to have when it comes to AI and machine learning [ML]. One of them is for the models that they're creating in the people analytics space, predicted on an attrition, talent movement, time to fill on recruiting, and future diversity levels. Whatever these models are creating, they're going to need to manage that as a portfolio, and make sure that they are using proper ethics in the development of those. Then maintaining the ethics of, is there data drift? Is it still a valid model? There's a lot of portfolio management that's needed in the advanced analytics or predictive modeling space for their own product set.

They also need to be the chief consultants in the HR function for AI and ML that is being purchased and is embedded into other parts of the HR tech stack. As folks are going out to market and looking at tools, somebody with a data science capability is going to need to help them to work with those vendors to evaluate if they find those models that are embedded in those products to be acceptable.

There's two roles in the AI/ML space that I think people analytics is going to need to fulfill.

David: Let's step back, big picture. In our last conversation, Nick, you introduced a model for how clients can evaluate the impact of individual metrics, sort of on a scale of one to 10, is this information in demand? Is it useful? Do we see that supervisors are coming to a dashboard every day and consuming this, and so on?

Bill, you've worked with lots of clients to stand up their functionalities in the people analytics space. Similarly, big picture, how do you help them to understand success? How do you help them to understand what is worth doing? Where are we actually going to drive impact? Where have we driven impact so far?

Bill: That discussion regarding what success looks like, how is it going to be measured, how is it going to be continually reported to leadership as a proof point in terms of the return on the investment they're making in this initiative, that has to be thought at the outset, and unfortunately, many organizations are still evolving in terms of thinking that at the very beginning part of their journey. Unfortunately, it kind of gets asked as a "OK, so now what?" question later on—or next thing you know, the CFO comes along and asks to justify the investments on this journey, and there's a scramble to provide those insights.

So, I think that planning in terms of what success looks like, how it's going to be measured, and how it's going to be broadcast and shared throughout the organization, should be part of the initial strategy.

What we've seen is that most organizations think about measuring the value of their people analytics efforts through at least three dimensions. One is there are certain impacts that are directly related to the workforce, doesn't really require correlating success with other measures. A good example is, many organizations may at the start say, "My goal is to reduce attrition by 1%. Today, I have a lack of insight into why people are leaving the organization, and I want to address that, and as I get greater insights, I'm confident that we can reduce attrition." So, being able to measure that.

Another good example is improving the quality of hires. Many organizations may not have a real good sense of when individuals join the organization through different channels, which individuals are most successful, which ones will stay with the organization and continue to grow and contribute, and that may be correlated to the different hiring channels. So, there's one group of measurement around just the workforce.

The second, is actual broader business impact. Again, the most progressive organizations are focused on being able to tell a story that shows the value that their efforts on the workforce are having on broader business measures. For example, we've seen clients that have directly shown

a correlation between the quality of their hire and reducing attrition, and how that's lowered their overall workforce cost and improved their bottom line.

The last category, I would say, is more business units-specific, where you're dealing with leaders in specific business units that have their own challenges. For example, maybe I'm an HR business partner that's working with our leader that drives our customer support team. Their measures are things like, how am I doing and improving first-time call resolution? How am I doing and improving my NPS scores with my clients? Their definition of success in their people analytics efforts is leveraging data on their workforce and gaining insight that having impact on those success measures.

David: On that note, let's wrap up our conversation. This will close out our three-part series on people analytics. As we've seen driving this greater business value with our people data, providing confidence to our leaders and their abilities to make decisions about their workforce—it takes a holistic approach that involves having the right people, the right practices, and the right platforms to be able to extract the insights we need, and to quickly deliver results.

I want to thank our guests, Bill Docherty. Thank you, Bill.

Bill: Thank you, David. I appreciate the opportunity to be here with you and Nicholas.

David: And Nicholas Garbis. Thank you, Nick, for joining us today.

Nick: Thanks, David. It was great to be with you and Bill, as always. I appreciate learning from you every time we connect.

David: And thanks to you and the audience for joining us as well. Until next time.

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