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Building a world-class workforce analytics capability
Innovations and approaches that can help take your organization to the next level

The growing analytics imperative

The need for expanded workforce analytical and reporting capabilities is becoming more urgent as the economy recovers, regardless of the pace of the rebound. Competition for top performing employees is expected to heat up, compelling organizations to do a more effective job of planning for workforce needs, retaining key people, and attracting the desired new talent.

For several years, organizations have focused on the tactical HR information needs and used technology to drive these needs. However, organizations are still ailing in the inability to extract useful, accurate information from voluminous enterprise data and are asking the following important questions:
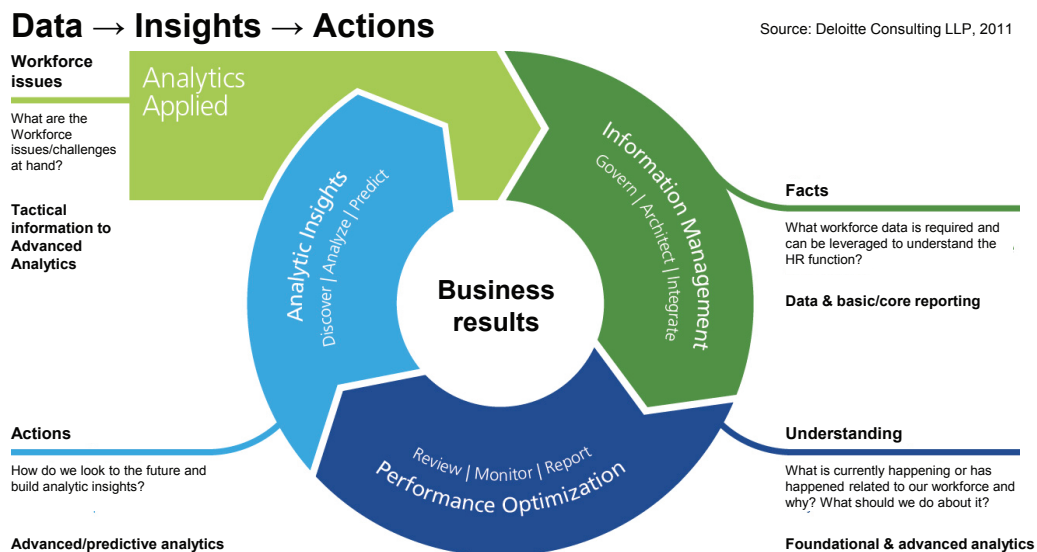
• What needs to be done with that data?

• How do we get from here to there? (i.e., from data to advanced analytics)

• How do we elevate our current enterprise business intelligence, planning, and reporting to the level of effective HR Business Intelligence and the predictive value of HR information

Many HR executives acknowledge the need for more current, meaningful, and cost-effective information about their global workforce. They understand that organizations should be able to take their HR data to the next level of value equipped to create greater visibility as well as more actionable outcomes associated with complex business problems such as workforce planning, recruiting and retention, education and training, rewards, and a host of other workforce-related strategies.

Deloitte has developed a path that organizations can take in their efforts to create a world-class advanced workforce analytics capability, regardless of the maturity of their analytical efforts today. Technology is one dimension of this approach and should be used as an enabler. Our process oriented, technology agnostic approach recognizes four other critical enablers that are necessary to build a recognized analytics organization that can scale: people, processes, technology, data, and governance. Building your organization's maturity in each of these areas, accelerated by outside help along the way, can help you unlock value across your organization.

Workforce analytics is a journey

HR organizations are poised to capture important benefits from advanced analytics and reporting solutions. In our experience, we see this as a journey that starts with data integrity and goes up to advanced/predictive analytics. Organizations can reside anywhere along the spectrum and the graphic below outlines how we see this journey.

Data → Insights → Actions

Source: Deloitte Consulting LLP, 2011

Workforce issues
What are the Workforce issues/challenges at hand?

Tactical information to Advanced Analytics

Actions
How do we look to the future and build analytic insights?

Advanced/predictive analytics

Analytics Applied

Analytic Insights — Discover | Analyze | Predict

Information Management — Govern | Architect | Integrate

Performance Optimization — Review | Monitor | Report

Business results

Facts
What workforce data is required and can be leveraged to understand the HR function?

Data & basic/core reporting

Understanding
What is currently happening or has happened related to our workforce and why? What should we do about it?

Foundational & advanced analytics

The five capability enablers

Technology and data are at the heart of leading-edge analytics solutions. But they are just two pieces of the puzzle. Creating advanced workforce analytical capabilities requires consideration of five interrelated dimensions. By addressing the people, process, technology, data, and governance aspects of implementation, HR organizations can better equip themselves to meet workforce planning, recruitment, and retention goals in an increasingly competitive talent market:

People — The new analytical tools are powerful, but their full benefit and value may be best realized when people use the data to analyze and take the appropriate actions. In our experience, the true value of Workforce Analytics is the ability to use the tools, the ability to think analytically about business issues and respond to increasingly sophisticated questions from the business units and leadership (see "Asking tougher questions"). This requires building a sustainable capability through an organization of analytical professionals. We also find this to be a journey as the people require periodic reassessment and realignment of business-oriented analytical skill sets as your HR function and analytics mature.

Processes — Analytics can have an array of effects on how you conduct business. Determine what those impacts might be, and examine how you can improve your decision-support processes to more effectively manage your "people supply chain."

Technology — New solutions could be needed to enhance your current IT and communications capabilities. Determine what those solutions are and when you will need them. Also consider leveraging your investments in HRIS to keep cost low in building the analytics capability.

Data — Your analytics capabilities can draw insights from both internal and external data sources. Identify those sources and reinforce processes for determining whether the data is correct, timely, and secure.

Governance — One key is to identify how analytical decisions are being made in your organization currently. Another is to determine who should be accountable for facilitating the analysis and leveraging its insights. A third is the need to create consistency and consensus around data definitions. Without a shared understanding of the data, including source and context, the analytical output may be questioned by the business.

Addressed together, these factors can help inform the development of a road map to advance your organization toward a scalable and sustainable workforce analytics capability and a more proactive HR function. In what ways can you leverage this capability for the benefit of the broader enterprise?

Analytics can be used to mine multiple internal and external data sources to reasonably predict who among your workers may be retention risks months before they tender a resignation. Attributes of employee success can be defined, and a scoring engine can be created that determines levels of risks, reasons for leaving, and replacement costs. These efforts can help change the retention paradigm to a proactive strategy designed to mitigate risk by predicting the likelihood of attrition within critical workforce segments.

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Asking tougher questions and addressing today's workforce issues as you build tomorrow's analytics capabilities

A slow economic recovery presents HR leaders with a difficult balancing act: continuing to operate within the constraints of tough business conditions while positioning to be competitive as new markets open and other opportunities arise. In this environment, it may make sense to look outside your organization for specific business intelligence and analytics capabilities to support your workforce strategy while you continue building those capabilities in house. In particular, you might consider seeking solutions in the following areas:

Workforce planning. Understanding demand is more important today than when the economic downturn began in late 2007. Being able to scale your workforce — particularly high-performing, critical workforce segments — are likely to help define your success as the economy gains steam. Using internal and external data to gain a better understanding of marketplace demand is a significant way to outmaneuver competitors. HR organizations can leverage multiple internal and external data feeds to define workforce gaps and fine-tune workforce supply based on changing demands. Third-party data can help increase the accuracy of predicted revenue and talent demand.

For example, a national financial services institution used advanced workforce planning capabilities to redeploy talent more effectively than the traditional "fire and then rehire" approach. The institution's redeployment rate increased from 12 percent to 18 percent, saving the bank $18 million per year in outplacement and recruiting fees.

Recruitment. Recruiting is coming to the fore again as organizations need new talent to take advantage of growth opportunities and a changing economy. Instead of adding recruiter headcount, organizations can use insightful workforce intelligence to refocus recruiting efforts on areas where the greatest value may be created. This allows leading companies to direct their limited resources with the highest probability of success.

Triaging incoming resumes from job applicants using an advanced scoring model can help predict the probability of the desired results within a particular job family, as well as confirm that every resume is reviewed and considered in the recruitment process. Over-committed recruiting organizations can focus on candidates who demonstrate the attributes of a successful employee.

Retention. In the past several years, retention was not a big issue for many companies. Employees were happy just to have jobs and weren't willing to risk their careers with a move. However, a different story unfolded in 2010, as economic growth began and workers started exploring their options again. Executives need to understand where they are at the greatest risk of losing people and develop strategies for retaining top performers.