HR Data Analytics:
The age of HR insights is in sight…

13 February 2014

Are you drowning in a sea of data?
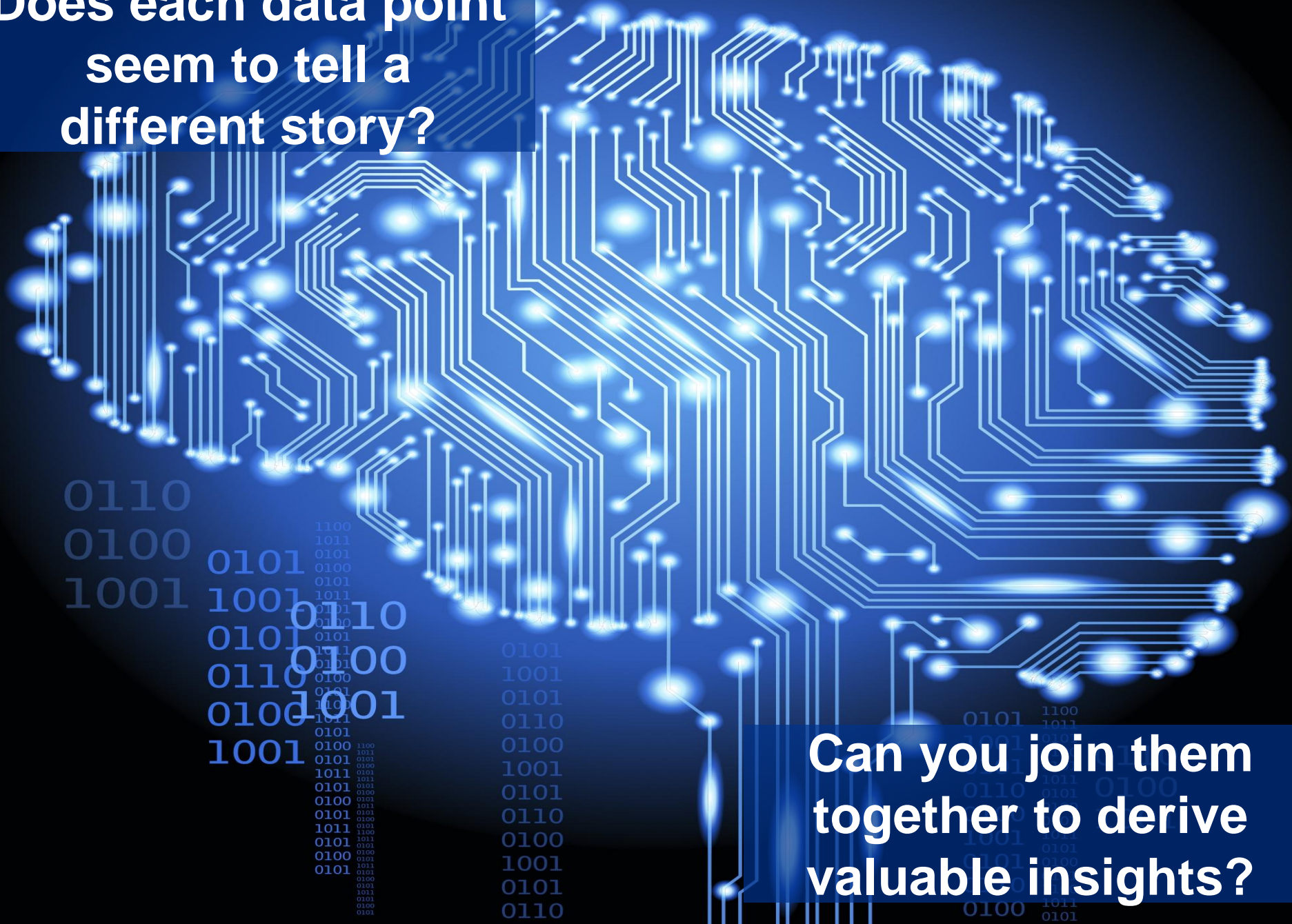
There is light at the end of the tunnel!

The Organisational Context
Challenges and Consequences

Challenges

1) Competitive Landscape

2) Constant evolution

3) The optimisation gap

4) Legacy talent management

5) Lack of engagement

6) Increasing pressure to enforce "compliance" behaviours

7) Lack of understanding of how engagement, profile, and capabilities of your workforce drive cost, performance and compliance

Consequences for the future

1 Organisations will use **workforce insights and optimisation** to gain competitive advantage around cost, customer, performance, and conduct agenda.

2 Organisations will need to take a **holistic view of their workforce** and understand how cost, compliance and organisational levers impact their performance

3 Successful organisations will make **evidence-based** decisions to optimise workforce performance and productivity.

The HR Context
The Value vs Cost debate

In which of these areas do you think your company's HR function excels? Select all that apply.

Area	%
Managing costs	39%
Collaborating with senior management on our people strategy	35%
Implementing coaching and career development programs	29%
Retaining key talent globally	26%
Achieving operational excellence	26%
Sourcing key talent globally	25%
Supporting an increasingly virtual/flexible workforce	24%
Supporting the greater globalization of our business	24%
Preparing for a changing workforce (e.g. retiring workers)	22%
Ensuring that succession planning is in place	22%
Making use of social media (e.g. for recruiting key talent)	20%
Measurably proving the value of HR to the business	17%
Providing insightful and predictive workforce analytics that provide understanding of the people agenda in businesses	15%
None of the above	5%
Don't know/Not applicable	2%

Source: Economist Intelligence Unit study as commissioned by KPMG International: Rethinking Human Resources in a Changing World, 2012

Focus of the analysis: Understand how your workforce drives high performance in your branch network

Your workforce has the largest influence on customer engagement and sales performance, but is also the biggest cost to your business

Distribution of branches in the network: customer engagement and sales performance

Customer Engagement

Sales Performance

Sustainable Sales
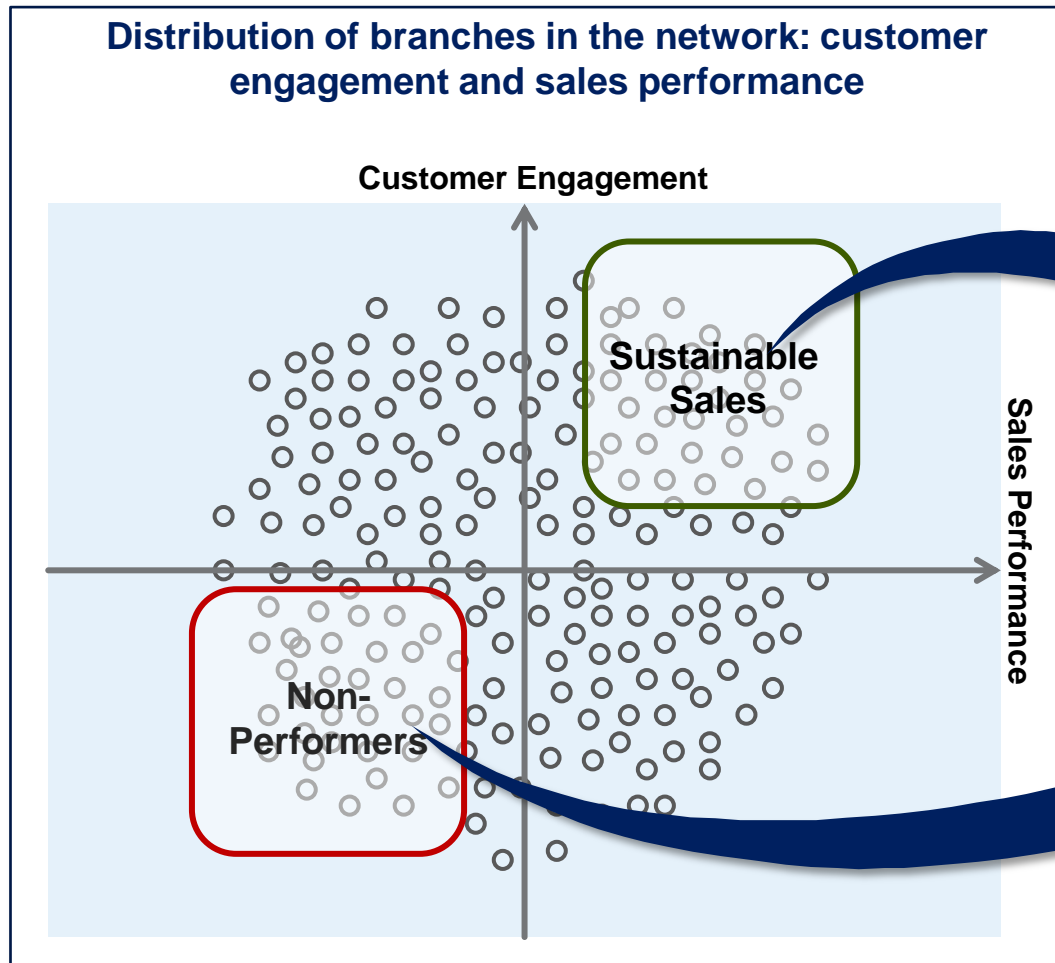
Non-Performers

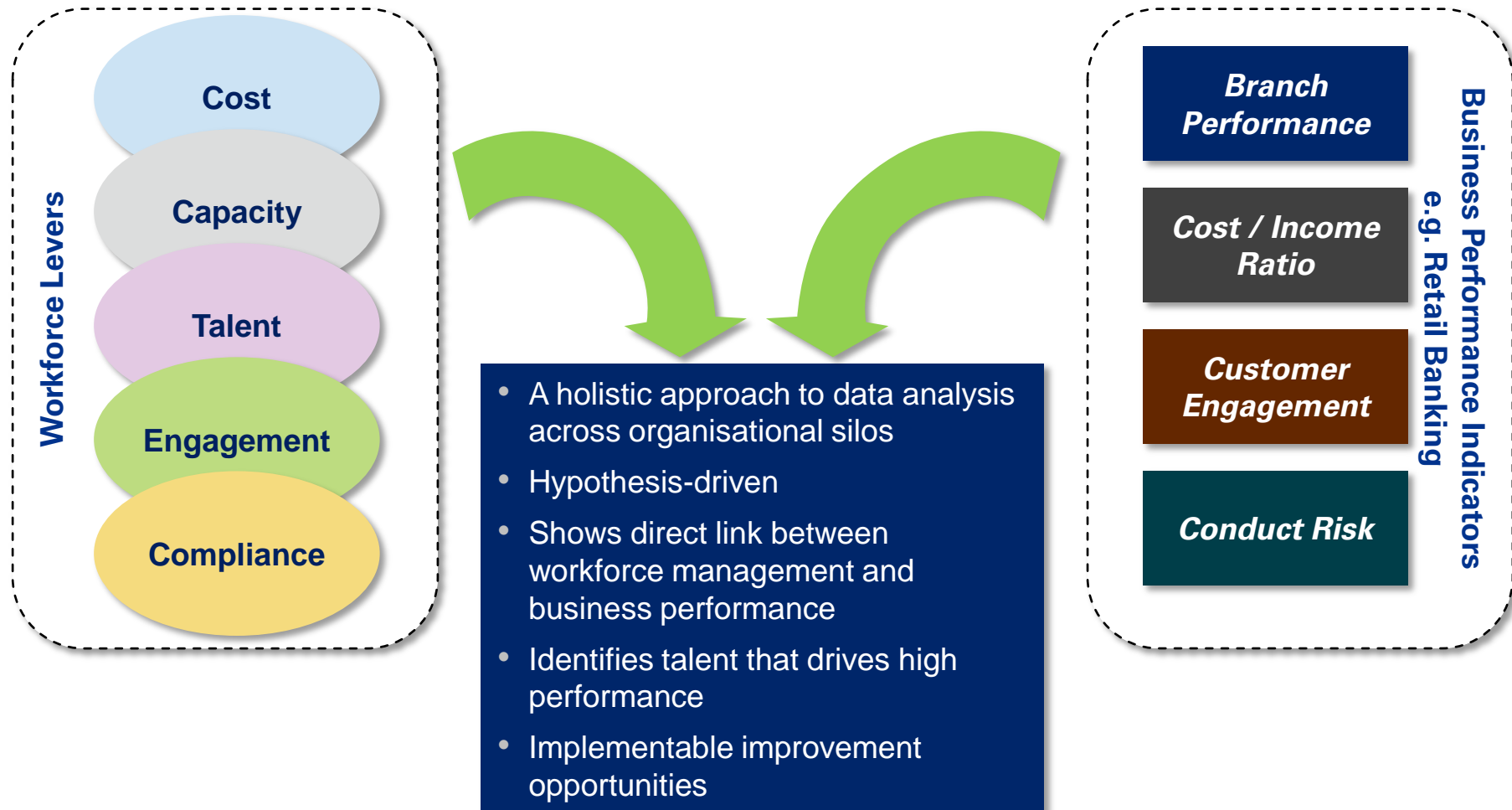### People Performance Analytics

Analysis of high and non-performing teams

Identify the "optimised" organisation that delivers business performance through:

- The right mix of roles
- The right staff demographics
- Better employee engagement and lower attrition
- The right training
- Recruitment and retention of the right staff
- Optimised workforce planning and deployment

Analysis of workforce and business performance data across organisational silos

Analysis of workforce metrics and business performance metric across silos to identify direct link between workforce and business performance

Workforce Levers

- Cost
- Capacity
- Talent
- Engagement
- Compliance

- A holistic approach to data analysis across organisational silos
- Hypothesis-driven
- Shows direct link between workforce management and business performance
- Identifies talent that drives high performance
- Implementable improvement opportunities

Business Performance Indicators e.g. Retail Banking

- *Branch Performance*
- *Cost / Income Ratio*
- *Customer Engagement*
- *Conduct Risk*

Hypothesis-driven to identify high value improvement opportunities

Business improvement hypotheses guide the data analytics approach ensuring a focus on high value improvement opportunities

Example findings	Workforce data	Business data
1. Idealised shape of branch organisation (branch organisation structure, composition of roles) drives customer experience and financial performance.	■ FTE data, organisation data, payroll data	■ Customer satisfaction data, branch utilisation data, FTE budgets data
2. Idealised mix of branch teams (demographics, diversity) drives customer experience and financial performance.	■ Staff demographics and diversity data	■ Branch and individual sales / referrals data, customer satisfaction survey, CACI data
3. Optimised recruitment (candidate's education, previous experience) drives branch performance and customer engagement.	■ Recruitment data	■ Branch and individual sales / referrals data, customer satisfaction survey
4. Staff training, skills and tenure improves drives customer engagement scores and conduct risk profile.	■ Staff training and demographics data	■ Conduct risk cohorts, customer satisfaction survey

Turning data into facts

Structured and Semi-Structured

Unstructured and ad-hoc

Leverage Existing work

FEATURESPACE flexeye

Data Model Bridge:
Fuzzy match
Human-review
'Big Data' indexing

Data Visualisation

tableau

QlikView

Generate opportunities and recommendations

Dashboards and Data Visualisation

Create a data model for analysis

Delivers findings based on business insight, benchmarking and predictive analysis

Enables Insights through dynamic visualisation

Integrates data to bridge silos

Locate and understand the data that is needed

Works across structured and unstructured data

Define scope and questions to be answered

Takes a Holistic Approach across workforce

Optimised Workforce Performance

Cost

Capacity

Connections

Capability

Compliance

Workforce Focus

Data

Test & Recommend

Enabling a commercially-focused HR Dashboard
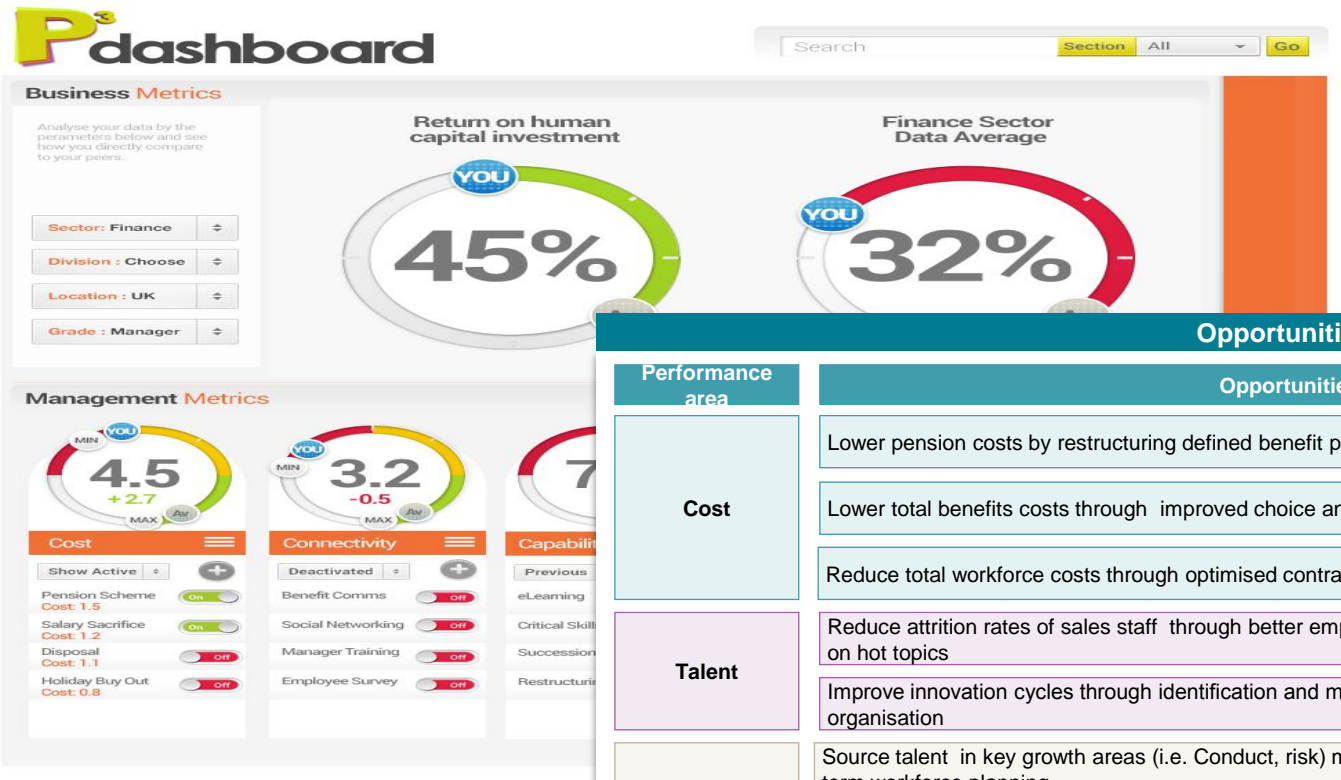
Opportunities		
Performance area	**Opportunities**	**Benefits**
Cost	Lower pension costs by restructuring defined benefit pension provision	High
	Lower total benefits costs through improved choice and tax efficiency of employee benefits	Medium
	Reduce total workforce costs through optimised contractor / permanent workforce balance	High
Talent	Reduce attrition rates of sales staff through better employee and line management engagement on hot topics	Low
	Improve innovation cycles through identification and mobilisation of "innovators" in the organisation	Medium
Capacity	Source talent in key growth areas (i.e. Conduct, risk) more cost effectively through mid and long term workforce planning	Large
	Reduce absentee / sickness rates through predictive analysis and proactive management	Medium
Engagement	Increase innovation through improved collaboration and incentives	High
Compliance	Ensure compliance with conduct regulations through outcome-based monitoring and development of sales staff capabilities	High
	Reduce risk of non-compliant tax activities through effective governance	High

Q. Where can you see the results?
A. Everywhere

Talent Acquisition (2)

Result: Attrition reduced by 20% and increased promotions.

Talent Acquisition (1)

Result: Since 2008, the chain has seen an increase of $1,400 in sales per representative and 25 percent lower turnover in that group.

Effective Performance Management

Result: The changes resulted in a statistically significant improvement in manager quality for 75 percent of its worst-performing bosses.
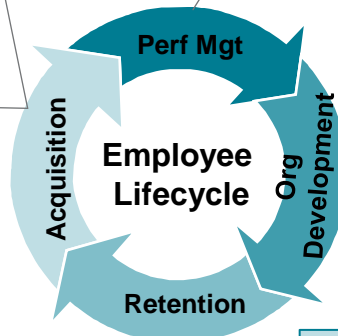
Mergers and Acquisitions

Result: Management is provided with another key data point when assessing the feasibility of the deal.

Managing Talent Risk (2)

Result: a workforce planning summit that categorized and prioritized 89 action plans designed to address the potential talent shortage.
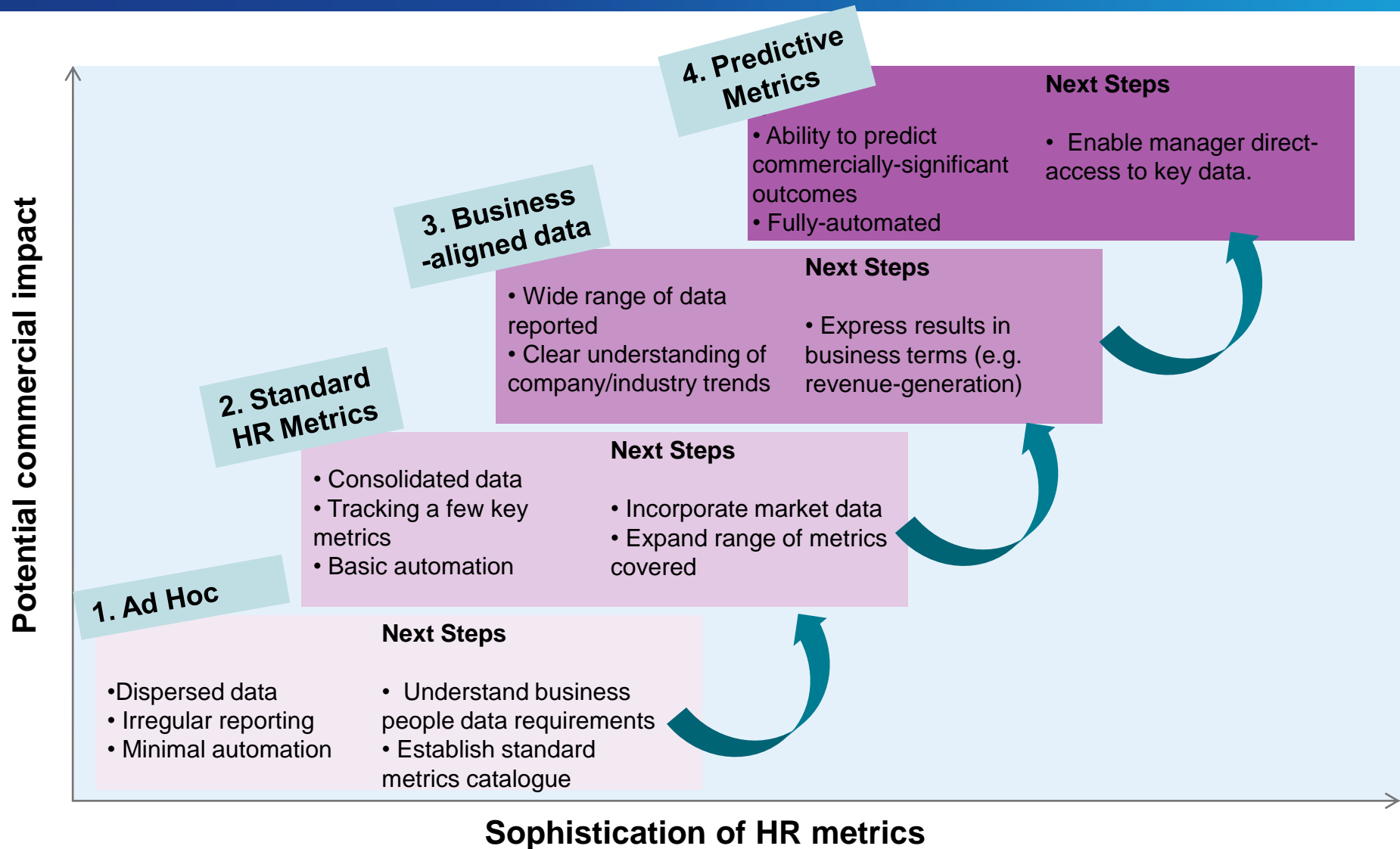
Managing Talent Risk (1)

Result: Microsoft focused on two business units with particularly high attrition rates—and in each case reduced those rates by more than half.

Perf Mgt

Acquisition

Employee Lifecycle

Org Development

Retention

Where are you on the data journey?

Potential commercial impact (vertical axis)

Sophistication of HR metrics (horizontal axis)

1. Ad Hoc
- Dispersed data
- Irregular reporting
- Minimal automation

Next Steps
- Understand business people data requirements
- Establish standard metrics catalogue

2. Standard HR Metrics
- Consolidated data
- Tracking a few key metrics
- Basic automation

Next Steps
- Incorporate market data
- Expand range of metrics covered

3. Business-aligned data
- Wide range of data reported
- Clear understanding of company/industry trends

Next Steps
- Express results in business terms (e.g. revenue-generation)

4. Predictive Metrics
- Ability to predict commercially-significant outcomes
- Fully-automated

Next Steps
- Enable manager direct-access to key data.

HR and Next Gen HRIS
Real time and straight to the Line Manager

5 Tips for creating your dashboard

1 Only report on what is critical to the business

2 Answer the "so what?"

3 Balance the trended and seasonal data

4 Ensure that you include predictive insights

5 Show the commercial impact