Effective People Analytics*
How Do Organisations Measure UP?

*HR should stop talking and start doing....
Why is Effective Human Capital So Important?

45% of Revenue spent on human capital

Source – McKinsey & Co
Yet People are Considered a “Cost Centre” not a “Profit Centre”

Customers
Spends $20 per month

Employees
Responsible for $200m budget
Unemployment is Now a Structural Issue, Not a Business Cycle Issue
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• Yet....The world’s Biggest Global Companies have for the last 5 years had the highest profits on record.

• These Companies are sitting on a combined $8T dollars of cash.....

• If they invested 20% of this cash in hiring people Europe and America’s unemployment rates would be at a 10 year low....

• Seven generations in work at once?

• Will we see “social employment” soon?
Are We Really Sure We Know What Motivates People? Intrinsic vs. Extrinsic
The Machines are Here to Stay....
But....The Future is Better Than We Think?

Abundance
THE FUTURE IS BETTER THAN YOU THINK

PETER H. DIAMANDIS • STEVEN KOTLER
Integrated People Management

**WORKFORCE STRATEGY & PLANNING**

**SOURCE**
- Attract
- Recruit
- Select
- On-Board

**EXECUTE**
- Connect
  - People to people
  - People to info
  - People to process
- Develop
  - Skills, Competency, knowledge, experience
- Deploy
  - Resource Plan
  - Capacity Plan
  - Deployment

**MANAGE**
- Leadership
- Performance Mgmt
- Reward & Recognition
- Succession

**CHANGE**

**SUSTAIN**

Enabling and Driving
- Revenue Growth
- Cost Saving
- Productivity
- Efficiency
- Retention
- Quality
- Customer Satisfaction
- Innovation

Enabling and Driving
How to Gain Insights: What is Calculating Success All About?

The true “intersection of science and business”; the future is here, its just unevenly distributed....

De-bunking the myth that organisations cannot predict or measure the value of the “contribution of people”

Proving that people are the “new bottom line”

Instigating leaders (not just HR) to move from “talk to action” on Workforce Analytics

Giving executives the storyline, frameworks and case studies to make the case for action on Workforce Analytics in their organisations

Publishing date: Jan 30th 2012
Harvard Business Review Press
Authors: Tim Ringo, Carl Hoffman, Eric Lesser
What We Learned: What Workforce Analytics is NOT About

- Counting “heads”
- Reporting “turnover”
- Building a “catalog” of employee knowledge, skills and abilities
- Reporting “engagement scores”
- Buying “analytic software” and looking for a way to use it,
- New approaches to workforce analytics – Science meets Business
What We Learned: Key Observations

• *Predictive human capital modeling is key:* if we do X ‘so that’ we achieve Y = measurable outcome

• Only a small number of companies have developed a *true* predictive human capital modeling capability

• Most companies that were successful with Workforce Analytics focused their approach on a crisis or a serious business issue that needed addressed

• HR organizations that had *good working relationships with Finance;* also had an advanced *Change Management* capability, were most successful

• Clear governance and understanding of the role of *Corporate Center vs Business Units* – who measures what

• *Less is more*.... too many “metrics” sows confusion and doubt
What We Developed:
Best Practice – the Six Step Model

The workforce analytics process

Step 1: Frame the central problem.
- Interview key players in line management, HR, finance, operations, and other functions, as indicated, to build perspective.
- Review existing documents that provide context: organizational structure, central business initiatives, project plans, high-level allocations of responsibility.

Step 2: Apply a conceptual model to guide the analysis.
- Identify workforce and business variables that are likely to have associations with the problem outcome.
- Be alert to idiosyncratic events and additional data that could be relevant.

Step 3: Capture relevant data.
- Pursue appropriate data across all relevant business units: HR, operations, finance, marketing.
- Reconcile differences in definitions, codes, and time frames.
- Store valid data in analytical database.

Step 4: Apply analytical methods.
- Employ appropriate formal quantitative techniques, looking for stable patterns over time.
- Examine results and identify robust explanatory models.

Step 5: Present statistical findings to stakeholders.
- Construct presentation of results that is accessible to business managers without a statistical background.
- Validate and enrich statistical patterns with stakeholders’ experience through interviews and focus group discussions.
- Identify any new problems that surface and consider the need for further analysis and understanding.

Step 6: Define action steps to implement the solution.
- Operationalize changes in policies, procedures, and management actions designed to produce desired changes in workforce behavior.
- Monitor and document changes in management actions and workforce outcomes.
Case Studies: Top Performers
Sprint: Customer Service Case Study

• In 2008, took a $29.7bn write down in goodwill, cut, 4,000 jobs and saw a 50% reduction in stock price.....much of this due to customers abandoning Sprint

• Sprint customer calls for assistance double the number of competitors

• First call resolution was dead last, in the industry; wait time was nearly seven minutes. One third of customers hung up

• All creating a surge of customers into under-staffed and under-skilled retail stores

• Sprint Executives decided that the company had to re-establish its brand for top customer service, and needed to do this based on accurate data analysis of the situation
Sprint: Results!

Results in 2010:

• Customer satisfaction is up 43%
• First call resolution is up by 42%
• Calls per subscriber are down 39%
• Operations costs are down by 34%
• Billing adjustments are down by 73%
How Can You DO More?

• ½ Day People Analytics Workshop
  - Focus on basic concepts of Best Practice
  - Be able to go to an organization and sell the concept

• 3 Month Immersive People Analytics Programme
  - Utilize ‘Action Learning’ Techniques – solve real world issues
  - One day per week for 12 weeks
  - Combination of classroom and internet-based instruction
  - Social Network Group
  - Will solve a real issue in your organization
  - Foundation for a sustainable People Analytics approach