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Newsflash No. 092
Fact based decisions through powerful People Analytics

Summary Few companies rely on intuition, or gut feelings, when making a major financial investment or bringing a product to market. But when it involves the workforce, often a company's most valuable and expensive asset, executives often fall back on hunches or sub-standard data to make their decisions. It need not be that way, though – People Analytics can help to identify the reasons behind "pain points" and offer real life solutions in all parts of people management.

A competitive advantage

In today's market, it is increasingly difficult to have a truly competitive advantage. Most technology and patents are quickly copied and reproduced by competitors, so sometimes the only real difference is the human factor and this makes a business savvy HR an even more valuable asset. The day to day reality of People Analytics is notably different from the provocative headlines of employees being microchipped and their every move monitored.

Technology has grown more sophisticated in recent years and modern People Analytics offers more insight into existing employee data, digs deeper and presents itself more visually than ever before allowing HR Professionals to present information that Line Managers and Executives may never have considered before.

The right people, in the right place at the right time

Despite the fear-inducing headlines that always accompany new technological innovations, when used effectively, People Analytics not only improves productivity but also the capability of personnel, resulting in a highly engaged workforce that can thrive.

There is a whole new breed of data scientists out there, eager to plough through the company's data in search for relevant insight – but only efforts that bring together this knowledge with deep business and people management expertise, will provide value in a data driven 21st century.

Imagine you could make top management aware of a risk with significant financial implications AND propose a solution including fact based business cases.

Let's look at an example: Most companies already have data and regularly measure, for example;

- Performance Reviews

- Engagement Surveys

- Voluntary Separation

But few are connecting the data to pain points and quite often don't realise there is even a problem, often measuring at too high a level.

For instance, voluntary separation is regularly measured and benchmarked and, say, a 5% separation would be considered acceptable in most companies. However, it's not common practice to connect all the data from the 3 areas above and measure, for example, specific employee groups and analyse their retention rates.
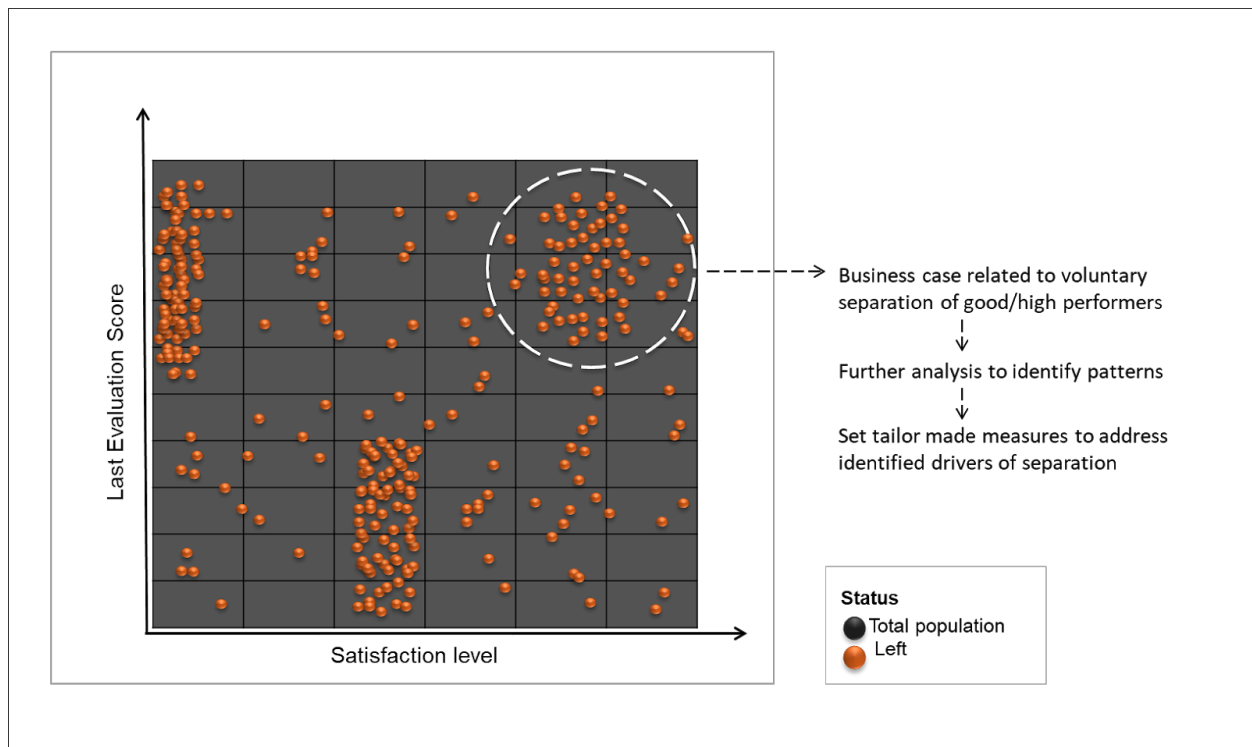
This infographic shows, that apart from the "expected" areas of high attrition (e.g. employees with low satisfaction score) there was a significant cluster of high performing employees who left despite previous high satisfaction scores. In the next step, further analysis showed that there was a significant link between the number of projects employees had been working on in parallel and this unwanted attrition. So the company went from a poorly understood but very costly problem to the (comparatively straightforward) task of optimising project scheduling.

Identifying patterns & present business cases

In general, overall voluntary separation rate is a poor indicator because – across the entire workforce – it is often within an acceptable range, so that problems in pockets are not recognised.

People Analytics can use existing data to further analyse each pocket and identify patterns for drivers of separation.

- How far away did they live?
- Where were they hired from?
- How long were they employed for?
- Did they have a company car?
- What is their age and civil status?

- Was this their first job, second job etc?
- Did they get a bonus last year?
- Who was their manager?
- Did their manager attend a leadership course?
- How many hours (overtime) did the employee work?
- On how many different projects was the employee staffed in parallel?
- How many burn out cases occurred in the respective team?

In reality, not all measurements have actionable data and recommendations should always be meaningful with a solid business case to back them up. Often only 30-40% of the areas analysed have a chance of finding a pattern with a financially viable solution, but this is still significant and will have a positive impact throughout the business.

A workable business case, supporting irrefutable data and patterns, can then be presented to Line Managers or Directors for implementation, with a goal of further developing a highly motivated workforce.

A modern HR department should be perceived as a solution driven partner at the top table

When a forward thinking HR department seeks to solve actual challenges and answer real questions that the business faces, they position themselves as an indispensable business partner. Lack of resources and/or expertise in working with data need not hold HR departments back – getting external help

that covers both data expertise and people management acumen for a limited time to

kick-start People Analytics is certainly a wiser move than hoping that one day a summer intern will do the trick.