



5 Steps to Getting Started With People Analytics



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Introduction

A volatile and constantly changing business environment has created an urgent need for better people decisions everywhere. At the same time, the volume of workforce data continues to grow at an unprecedented rate. By 2025, it's estimated that 463 exabytes of data will be created each day globally—that's 463 million trillion bytes, or 463,000,000,000,000,000 bytes!¹

While having all this new information can lead you to better decisions, merely having data is not enough to succeed.

To be truly successful, you must be able to interrogate your data to determine the root cause of problems, apply appropriate interventions, and anticipate future developments based on hard evidence. This process is at the heart of effective people analytics strategies.

The power of people analytics in everyday decision-making is undeniable:

According to DDI, organizations that excel at people analytics are 3.1 times more likely to outperform their peers².

Furthermore, research from our analytics partner, Visier, shows that organizations with more mature people analytics practices see 55% higher profit margins and 22% higher return on assets³.

Before we start, let's define people analytics. People analytics (also called HR analytics or workforce analytics) is the practice of collecting and transforming HR data and organizational data into actionable insights that improve the way you do business. It's a technology-agnostic discipline and refers to all the business data that applies to employees and contingent workers.

1. Desjardins, J. (Apr 2019). 'How much data is generated each day?' World Economic Forum. [Available online](#).

2. DDI. 'Global Leadership Forecast 2018'. [Available online](#).

3. Visier. 'The Economic Impact of Visier People: The Journey of Visier Customers to Business Impact and Strategic Value'. [Available online](#).

By transforming raw data into meaningful insights, answers, and solutions, people analytics provides organizations the ability to better understand their workforce and organization. Through the insights gathered, HR leaders can also back up their instincts with facts and rely on data-driven strategies that help their organization grow.

If people analytics seems like a daunting undertaking, know that it is possible to adopt a more scientific approach to data analysis—even if you don't have deep statistical expertise, programming skills, or an understanding of advanced mathematical techniques.

Advances in cloud and analytics technology has led to the development of people analytics solutions that are possible to achieve without a data scientist's help.

Using this type of solution, you'll be able to take advantage of your data to optimize your employee experience and create the best organizational structure to maximize productivity.

People Analytics in Action: \$2.5 Million Generated From Employee Retention

A credit union in British Columbia, Canada, achieved \$2.5 million in annual revenue generated by roles retained as a result of using people analytics to investigate employee turnover issues.

After drilling into its workforce data, the organization discovered turnover was focused within four key sales roles on the retail banking side of the organization, specifically in one particular region. With this information, the company developed more effective recruitment, hiring, promotion, and training strategies that led to better retention of these important revenue-producing roles.

This guide outlines five repeatable steps you can use to effectively leverage people analytics in improving and shaping your people strategies.



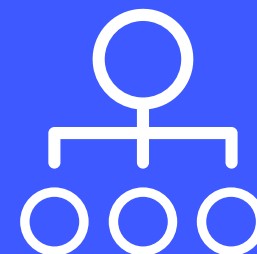
Step 1.
Define the questions



Step 2.
Gather evidence



Step 3.
Answer the questions



Step 4.
Share the answers



Step 5.
Take action

Step 1: Define the Questions

The purpose of analytics is to improve your decisions, especially when these will affect how well your organization performs. Therefore, it's important to begin any people analytics project by taking a step back from the data. You first want to start with the end in mind, which means determining how your people decisions can have a positive impact on the rest of the business. To do this, follow these steps:

First, identify the key business objectives for the long- and short-term, such as growing the bottom line or maintaining productivity during a merger.

Then, clearly define the questions you want to answer that support your objectives. For example, growing the bottom line can mean asking questions such as:

- Are we aligning pay with performance?
- Are changes in compensation relevant to changes in organizations and employee level performance?
- Are we building a talent pipeline through decisions that align with performance and potential?

When the end-goal is clearly defined, you're better able to focus your analysis, refine programs to optimize spend, and hone in on areas that will have a measurable impact on the business.

When formulating your questions, don't just focus on the workforce. You should also dive into the strategic questions that will improve business outcomes. Not only will a business-oriented mindset help you focus on the right issues and opportunities, it will also help in choosing the right people analytics solution, streamline implementation, and support your business case by demonstrating how investing in people analytics solves key business problems.

Examples of core workforce questions:

- How many people are there?
- How many people are needed?
- Are people leaving at a high or low rate?
- Is the capacity for work enough for the work required?
- What is the overall cost to hire, retain, or develop people?
- Is the total cost of the workforce increasing quickly or slowly?
- How well are avoidable costs, such as absences or labor relations issues, being controlled?

Other considerations:

- Understand the core demographics of your organization and track changes by tenure, age, job name, manager, and starts vs. exits, among others.
- Monitor and reduce turnover through analyzing employee exit patterns.
- Do you have the right spans and layers in your organization? Consider Manager Ratios, Span of Control, and Organizational Levels.
- In terms of diversity, equity and inclusion, how can your organization eliminate bias and employ equitable hiring practices?

How Better Defining Turnover Helped a Healthcare Organization

A major healthcare organization—with a workforce exceeding 7,500 people, including 1,000 physicians—developed strategic employee retention initiatives that led to \$14 million in projected savings over three years.

How? First, the HR team set out to better understand the cost of turnover to the business and through their analysis, developed a compelling business case that supported additional investments in retention programs. Also, by using this analysis, the team was able to talk about its retention initiatives in financial terms that were more meaningful to their leadership team.

Step 2: Gather Evidence

Like good detectives, HR leaders must gather the right evidence to determine if a hunch is correct. The HR team at a leading German science and technology company in healthcare, life science, and performance materials challenged the idea that there's an ideal span of control number.

There have been many studies on span of control, most of the time stating that the global benchmark is 8-10 reports per manager. However, by analyzing its data, the team learned that one of its departments performed higher having a smaller team size than the global benchmark.

For many HR leaders, gathering evidence to perform an analysis is a struggle since people data is typically:

- Located in multiple systems and formats
- Incomplete and constantly changing
- Inconsistent and of poor quality
- In need of transformations and restructuring

In the past, the response was to build a data warehouse, which allows for a single view across different data sources and ensures every piece of data has a place. However, maintaining a data warehouse—one that can grow and expand as your data increases and analytics needs change—is notorious for being time-consuming, complex, and costly.

The best alternative to data warehousing is to invest in a people analytics platform that brings data together from all your systems and even better, comes with pre-built content that makes it simple to interpret the data no matter your analytical or quantitative expertise (For a checklist to help you select the right people analytics solution, see the Appendix).

This kind of data accessibility gives you the ability to quickly spot relationships and patterns out of mountains of data, leading you to the evidence needed to decide on and shift strategies in an agile manner.

How a Global Technology Company Used Evidence to Tackle a RIF

At a global technology company dedicated to accelerating the value of the cloud during every phase of digital transformation, the team struggled with reports that were not only cumbersome to put together using Excel and PowerPoint, but also required a lot of formatting and data clean up. This led them to seek out a people analytics platform that enabled them to be more strategic with a reduction in force and implement 5x more metrics at the organization.

“We’re actually able to save a ton of jobs, which we feel like we probably wouldn’t have done before. Being able to just save those individuals, saving their jobs, and knowing strategically how we need to make these different moves and reduce headcount or increase headcount in certain areas—[and] being able to do it at such a fast pace and at a high level—that was very important for us,” said the company’s HR Analytics Specialist.

Step 3: Answer the Questions

Once your data is in place, it's time to start answering your workforce questions. But depending on the solution you have selected, this might be easier said than done. To find the data that's most relevant to your business objectives, you need to go deeper into the evidence that you've gathered.

If your goal is to reduce overtime costs, for example, looking only at turnover rate will tell you how many people left, but not why. You need to consult and interrogate your data to ensure that the answers you find are much more relevant to the question at hand—and the decisions your business needs to make. Using the example above, leverage analytics to find answers to questions like:

- Why are you overspending on your overtime budget?
- Did you lose a key employee or department, and the overtime is to compensate for this?
- Are your total rewards not aligned with the actual needs and wants of your employees?

People analytics enables you to go beyond typical HR questions to better understand the “why” driving issues, as well as opportunities.

The speed at which you can surface answers to these questions is also critical. You need the ability to surface and interpret the data yourself without relying on a data science degree or data scientists who may have competing priorities that can delay your project.

How a Leading Technology Provider to the Travel Industry Answered Questions About Regrettable Attrition

A leading technology provider to the global travel industry had a constant hiring/downsizing project cycle that led regrettable attrition to hit 9%. By using people analytics to answer questions around attrition, it was able to drop the rate to 7.5%.

To accomplish this, the company first reviewed lagging indicators, such as team makeup, skill sets, roles, tenure, and compensation ratios, to identify the pain points for high-performing employees who were leaving the company. Next, it looked at leading

indicators using predictive analytics and combined this with its five-point performance ratings. Using this combination, it created a scale for high performer employees at risk of exit.

With this information, the technology provider was able to predict which top talent was at risk of leaving and create tailored retention programs for this group.

People Analytics vs. Reports

There's a common misconception that HR reporting is the same as people analytics—it's not.

Analytics connects data points in a way that facilitates exploration to boost insight.

Unlike analytics, reports are static and do not provide the capability to drill down into the data.

The underlying structure supporting reporting tools makes it difficult—if not impossible—to create reports that are sourcing data from different locations within a transactional system. This makes it difficult to determine whether one thing is impacting another⁴.

Comparing analytics, Business Intelligence (BI), and reports is like comparing the navigation tools you would use for a road trip:



Reports are static like a paper map.



BI is more like a GPS receiver that shows the precise location and provides directions on how to drive to the specified destination, but does not allow you to filter by real-time information—a significant problem if a major traffic jam suddenly develops.



Analytics is like an interactive navigation system that provides a choice of routes and real-time updates on traffic patterns. It can make all the difference between whether you get from point A to point B on time.

4. Bigsby, C. (Dec 2018). 'Reports vs Analytics: What's the Difference?' Visier. [Available online.](#)

Step 4: Share the Answers

Whatever approach you take towards people analytics, it must include the capacity to share timely, accurate answers to everyday business questions—in a clear and compelling way.

This is an important consideration, particularly when decision-makers are distributed across multiple locations. Sharing data can help you elevate your role in the business.

Here are some leading practices:

- Leverage dashboards to provide an at-a-glance view of key performance indicators to business leaders.
- Select an analytics solution that will allow end-users to interact with dashboards by applying different filters to the data, such as highlighting specific roles, high performers, or new hires. This supports better insights and decision-making.
- People's brains are wired to quickly recognize the patterns and trends in visual answers. Rather than sharing rows of data points, look to leverage interactive visualizations in your dashboards and slideshows.
- Use the right data visualization. The wrong visual representation of data can be as damaging or misleading as sharing incorrect data. Best-in-class people analytics solutions will associate the correct visuals with the relevant analytics for you, mitigating this risk.

How a Financial Services Company Shares Answers

The HR team at a Canadian credit union providing over half a million members with financial help replaced spreadsheets with a people analytics solution that could also be used and accessed from their mobile devices.

Previously, the company's HR business partners and advisors were only able to share what they knew from memory or had stored on their laptops. The right platform enables them to have all the relevant data at their fingertips, no matter where they are, helping them provide strategic support to the business as needed.

Step 5: Take Action

If you've asked the right questions and uncovered key insights, you're now ready to find and apply the appropriate interventions. This is where the granular information you gathered in Steps 2 and 3 become an asset.

Consider how a U.S. banking franchise reduced turnover by 44% for a key revenue-producing role. The institution used an iterative analysis process to explore turnover by region, by location, by branches, and by roles, and found that attrition was focused on customer account managers at 10% of its 700 branches—and that this accounted for 41% of all turnover.

By knowing where its problem branches were, the institution was able to take smart actions. It conducted exit interviews with departing employees and managers. It found issues that it could address with pay increases, improved onboarding, better training of new hires, and training managers to set expectations with new hires on career opportunities.

With these actions, it not only lowered turnover and reduced the costs to hire new account managers but it also maintained the customer relationships—and associated revenue—of the retained managers.

Our Story. Our Commitment.

Achieving success and sustainable results all comes down to making choices that are the right fit for your organization. We help our customers make the best choices for their unique challenges. Recently, PeopleFluent has acquired and partnered with companies including Reflektive, Bridge, and Visier to serve the specific needs of small-, mid-, and enterprise-sized companies. These technologies support today's workforce challenges including recruiting for a diverse and remote workforce, mobilizing and developing talent internally, and retaining and engaging employees at higher satisfaction levels through a stronger employee experience. We aim to help you to make better decisions through improved insights that satisfy both the employee and the business within a culture of curiosity, appreciation, innovation, and profitability. We are excited to bring you on the journey and are committed to your success.

Last Word

People analytics has become an essential HR capability. The demand from senior leaders for timely and effective answers to core workforce and strategic business questions is continually increasing.

With these five steps, you now have a proven and repeatable process for delivering these answers, enabling you and your leaders to make the right people decisions at the right time.

The analytical skills required to thrive in today's digital environment are within your reach now. Bring your curiosity and people savvy—and let the technology do the rest.

Discover the power of people analytics. [Contact us today](#) to learn more.

Appendix

Here are some key checklist requirements to consider when selecting your people analytics solution. Ensure your solution:

- ✓ Answers the questions that are key to your business, while also allowing for growth in the future
- ✓ Leverages in-memory analytics, allowing you to fast-track the benefits of a data warehouse—without the costs—and efficiently unify and analyze disparate data
- ✓ Combines the rapid innovation of the cloud and SaaS technology with data security to deliver anytime, anywhere access to answers
- ✓ Includes best-practice topic areas, questions, and visualizations, allowing you to drill down to quickly get the answers you need
- ✓ Provides capabilities for analysts to explore pre-developed metrics in real time, slicing and dicing to get to key insights
- ✓ Provides casual users, HR business partners, and executives with interactive visualizations, and pre-built questions to guide them through exploration of key workforce issues
- ✓ Lets you streamline the delivery of dashboards and slideshows by sharing online at-a-glance views of key performance indicators with business leaders
- ✓ Enables easy creation of slideshows to tell the story behind the data through interactive visualizations
- ✓ Supports collaboration amongst analysts, HR business partners, and business leaders through secure sharing of workforce data

About Peoplefluent

As a market leader in integrated talent management and learning solutions, PeopleFluent helps companies hire, develop, reward, and advance a skilled and motivated workforce. Deployed separately or as a suite, our software spans recruitment, talent mobility, performance, compensation, succession, org charting, and learning—tailored for either large or mid-enterprise organizations. We deliver unmatched functionality and flexibility, recognized by leading analysts, to develop people, drive performance and deliver results.

Our talent solutions unify talent processes within a collaborative experience that enables HR and L&D teams to guide managers and employees with contextual learning—right in the flow of work.

A part of Learning Technologies Group plc (LTG), PeopleFluent provides world-class service and an unparalleled ecosystem of partners to optimize employee experience, employer brand, and business results.

For more, visit peoplefluent.com

