Examine What Matters Most Using Workforce Analytics

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An Executive White Paper

The Power of Workforce Analytics

Automated systems, powerful HRIS solutions and other data collection methods give organizations access to copious amounts of workforce data. While this type of data-gathering technology is widely used to make the transactional processes of HR more efficient, it has been under-utilized in applying quantitative and monetary analysis to workforce initiatives.

Through careful selection of metrics and the study of human capital trends in relation to those metrics, leaders can analyze the impact of workforce initiatives on the organization's business strategy and proactively manage their talent. At the same time, HR partners can use that knowledge in the creation of strategic plans to align the workforce with business strategies.

Choosing Which Metrics to Measure

Available technologies can surface hundreds of metrics. Optimum workforce analysis results from analyzing the "right" metrics — ones that affect the particular business objectives of an organization. In addition to being applicable, the metrics should have credibility. This can be measured by determining if they are:

> Accessible — visible and available to those who need them

> Auditable — independently verifiable

> Actionable — vital to the organization

Key metrics to measure for impactful workforce analytics are those five or six metrics that directly impact the organization's business as well as include a people component. For example, operational metrics such as productivity or efficiency have a workforce component while natural resource quality or machine reliability may not.

Linking Metrics to Workforce Issues

Once metrics are revealed, they can bring to light human capital issues such as:

> Increases in voluntary turnover (warning sign of market competition for in-house resources or a declining value proposition to current employees from the firm)

> Increases in absence rates (workforce waste — perhaps due to lack of employee engagement)

> Regret attrition — loss of high performers and critical roles

> Contingent workforce ramp-up

> Emergence of aging workforce risk

> Wasted investment in new hires because of high new hire attrition

> Lack of workforce cost control due to salary creep

> Less than optimal staffing due to over-use/abuse of overtime compensation

> Successor pool coverage in organization for SVPs, VPs, Senior Executives, etc.

> Development program penetration rate

> Safety training penetration rate

> Internal hire rate (showing evidence of how company values current employees and company's effort to grow its own leaders — a best practice)

The ability to drill down into those metrics can help reveal a "root cause" and can help lead to possible solutions. For example, is a rising turnover rate indicative of a company-wide issue? Or can that metric be drilled into to discover that higher turnover is occurring only in one particular division or geographic region? Armed with that information, analysts can then review whether this is an issue needing to be addressed organization-wide or specifically in that area, or whether the trend is the result of a particular event and is an expected change.
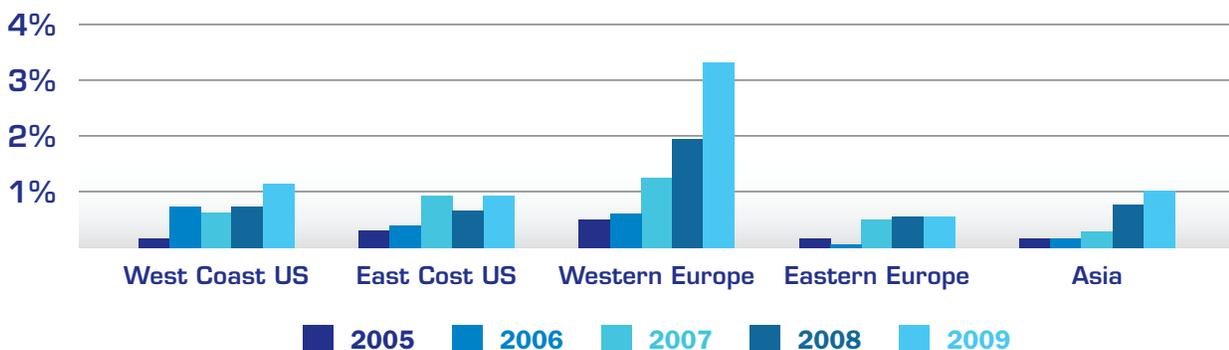
> 40% of employees have been with their current employer less than two years.

> Every day, 55,000 baby boomers turn 55.

> Seven of the top ten jobs forecasted for 2010 did not exist in 2004.

> Current job entrants will average 11 to 13 companies/jobs/positions in their professional careers.

Source: Human Capital Institute — Strategic Workforce Planning

Retirements by Function

	2005	2006	2007	2008	2009
Operations	1.4%	2.1%	3.7%	4.5%	7.0%

Operations ■ Administrative ■ Development ■ Sales

Operations Retirements by Region

West Coast US   East Cost US   Western Europe   Eastern Europe   Asia

■ 2005 ■ 2006 ■ 2007 ■ 2008 ■ 2009

(Workforce Analytics graphs produced using Aquire InSight™.)

The Value Proposition of Talent Management in Workforce Analysis

The other, equally important, component of strategic workforce analytics is talent management. Because HR is responsible for building a workforce plan that will support the organization's long-term business goals, HR partners need to be able to view the organization's talent flow.

Two-thirds of US employers have no planning for their talent needs.
Source: Capelli, 2008

To effectively monitor and develop an organization's talent base, begin with a talent review to answer these questions:

> What is the internal supply of talent — both the current state and projected state?

> What is the demand for talent given the company's business strategy?

> What is the resulting gap?

This knowledge forms a recruiting strategy and provides a plan for what to do with the workforce over time.

Supporting Strategic Business Goals

Understanding the business goals of an organization is the first step to effective talent management. Working with operational and business planning leaders to determine those goals is key for HR to avoid practicing talent management in a vacuum.

Hewlett-Packard and Medtronic report 90% of revenue comes from products less than one year old.
Source: Human Capital Institute — Strategic Workforce Planning

Examples of long-term business goals that require a significant workforce change in numbers or skill sets include:

> Entering into a new market

> Developing an additional product line

> Manufacturing a new product that is currently in the design stage

> Expanding the number of locations (a retail scenario)

By recognizing any gaps in the current talent pipeline, organizations can take proactive steps to fill the gaps and provide for future talent needs.

Additionally, the ability to track movement of company talent throughout the organization enables HR to:

> Understand the career pathing of specific groups

> See the flow of potential leaders through the organization

> Recognize the gaps that require proactive workforce planning

> Understand firm progress toward hiring goals (minority groups, special skill sets, or regional goals), net of the erosion of that progress due to attrition

> Detect "blockers" in the company who may impede the upward potential of gifted future leaders (or worse, drive them from the organization)

> Measure lateral and promotional movement in the firm by group or part of the organization
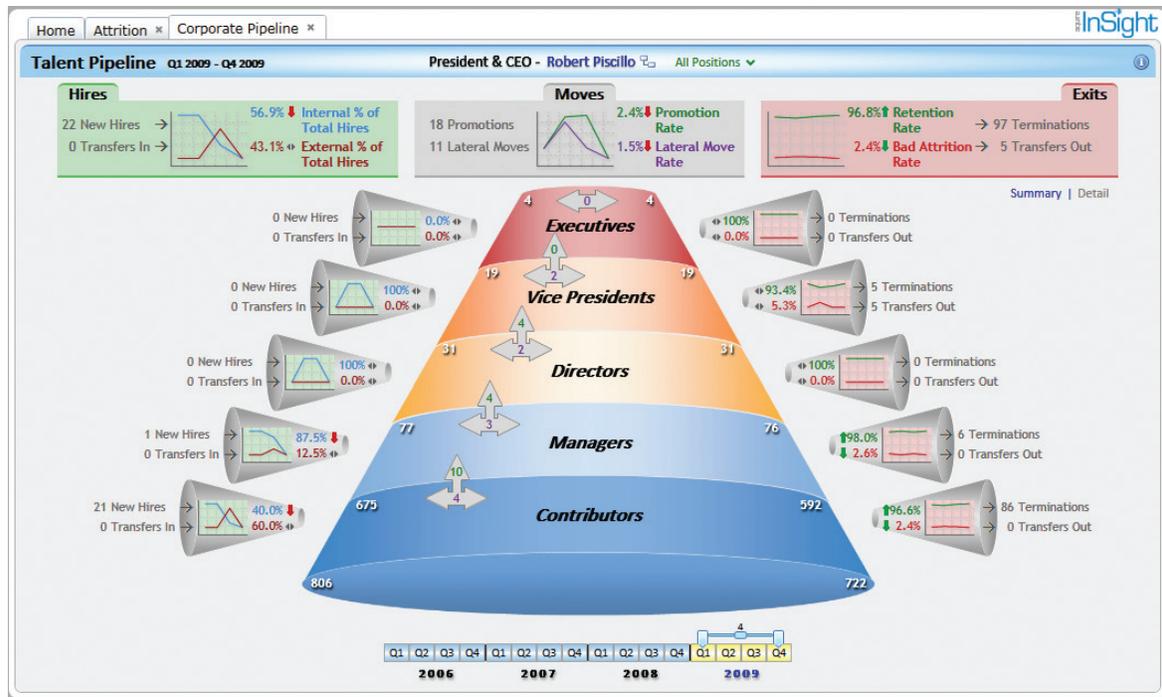
Aquire InSight™ Talent Pipeline displays talent movement into, out of and throughout the organization.

Benefits of Utilizing Workforce Analytics-Specific Technology

Technology has evolved to allow critical workforce analytics to be surfaced and analyzed quickly and effectively without the drain on HR resources related to manual data collection, which inherently produces data integrity flaws. By far, analysis has a higher value add than data collection.

An analyst can spend all of his/her time doing the following tasks:

> Gathering data

> Ensuring accuracy of the data

> Calculating metrics

> Creating reporting on the metrics and distributing reports to decision makers

None of this adds value to the organization until a decision is favorably impacted through the use of this information. A worthwhile analytics solution does the heavy lifting of the four above items and facilitates the higher level of analysis regarding questions such as:

> What is going on in our firm?

> What action should we take?

> Did our action have any impact?

> Was it positive?

Additionally, a worthwhile analytics solution delivers data directly to leaders — releasing it from analyst-only clutches and decreasing dependence on IT, HRIS or outside consultants for needed data.

Aquire InSight™ Provides The Workforce Analytics Solution You Need

Every executive has demands on his/her time related to the everyday operations of the business. Aquire, the leader in holistic workforce planning and analytics solutions, has developed a 100% hierarchy-based workforce analytics solution. InSight offers a combination of software and consultative services that allows companies to analyze workforce trends within virtually any segment of the organization.

InSight and InSight-as-a-Service™, which provides the expertise of Aquire's certified workforce planning analysts, can help measure the impact of business improvement initiatives. These are the areas that executives have focused their management expertise to favorably impact the business. Typically a busy executive has only enough time to focus on two or three major improvement initiatives. InSight can help leaders measure the impact of these initiatives by graphically displaying their progress in improving business KPIs.

Because companies are managed through the hierarchy, InSight visually displays workforce data based on that structure. The delivery of analytics on that basis is both elegant and obvious. The hierarchy structure reflects the assignment of responsibility. InSight presents analytics on that same hierarchical basis.

The Aquire SaaS model (software solution and consultative services) provides the superior value proposition. The software serves as a conduit for the delivery of analytical information. The InSight-as-a Service consultants first configure the software solution to the needs of each executive or analyst. Once that configuration is complete, the end user does not need to request those same reports or analytics; the software delivers it on demand. The consultant role will change, over time, to facilitate special analyses or predictive analytics projects to further the Aquire InSight value proposition.

For more information on how Aquire InSight can benefit your organization and to schedule a Web-demo, contact sales@aquire.com.

About Aquire

Aquire is a leading provider of workforce planning and analytics solutions. From organizational charting and analytics to workforce modeling, succession planning, data integrity, and more — Aquire solutions increase information visibility, expedite decision making and streamline HR initiatives. American Airlines, Barclays Bank PLC, Fiat, Braun Gillette, Colgate-Palmolive, Nestle UK, Shell Oil, Verizon, and Mercedes-Benz are just a few of the more than 2,700 organizations in 125 countries that rely on Aquire solutions to manage data for 10 million working professionals worldwide. Visit us today at www.aquire.com or, for the latest in workforce management opinions and trends, blog.aquire.com.

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