

HR METRICS

Is it time for analytics and intelligence?

Paul Russo

Group HR Director

KCB Bank

5 Forces Shaping the Future of HR

- **Exponential Technology Change** - Workers must successfully engage with automation and adapt to transitions with more frequent job loss and rapid skills obsolescence.
- **Social, Organizational Reconfiguration** - Leadership becomes horizontal, shared and collective. Talent sourcing and engagement happens through diverse models.
- **A Truly Connected World** - Human connections are poised to increase through inexpensive mobile devices, wearables and other personal interfaces.
- **All-Inclusive Global Talent Market** - Work in 2025 is likely to be seamlessly distributed around the globe with 24/7 operations.
- **Human-Machine Collaboration** - Analytics, algorithms, big data and automation are likely to enhance productivity and decision-making, but smarter computing also automates and abolishes tasks previously performed by humans. Mastering big data is non-negotiable!

Introduction

- In an economic climate characterized by cost-cutting and increased regulatory requirements, HR faces growing demands to communicate the value it creates in ways that CEOs can better appreciate. That means moving away from soft measurements such as “improvements” and adopting quantifiable metrics similar to those executives use to monitor the overall business.
- Whether it is budget review time or there is strategic planning in the works by the corporate big wigs, HR is a go-to place for statistics and data.
- Metrics provide quantitative measurements for productivity and other employee related issues.
- Simply put, using human resource analytics is key when determining how many employees a company needs, whether the current staffing is effective and if businesses are getting a reasonable return for their workforce penny.

HR Metrics

We have been measuring activities for a long time in HR. So, what are you measuring in HR?

- Cost per hire
- Staff Cost to Income Ratio
- Income per Staff
- Per Capita Medical Costs
- Time to fill
- Staff Turnover
- Internal Vs External Promotions
- Training cost per employee
- Number of Staff Trained
- Satisfaction Index
- Diversity
- Talent Cover
- Sick-offs
- # of employees trained per year
- # Accidents
- # ER issues and Turnaround time
- # requisitions filled/recruiter

Stepping Up

- Those HR tracking metrics; they make sure all our HR trains are running on time and to the right place. That's great, **BUT**...those metrics aren't going to show HR impact or impress the C-Suite.
- What those metrics show is, "we are doing our job."

HR Metrics and HR Analytics

- **HR Metrics**-are a vital way to quantify the cost and the impact of employee programs and HR processes and to measure the success (or failure) of HR initiatives. They enable a company to track year-to-year trends and changes in these critical variables.
- **HR Analytics**-is the process of combining data mining with business analytics techniques to analyze human resources data. The goal of human resources analytics is to provide an organization with insights for effectively managing employees so that business goals can be reached quickly and efficiently. Analytics is also predictive in nature thus allowing for better business outcomes.

Drill Down Metrics

- Most companies report turnover at the organizational level. Some HR individuals may breakdown the turnover by department or location. The idea is to think like a marketer and slice and dice the data looking for root cause of turnover. So, you can start looking at turnover by:
 - Manager
 - Tenure
 - Generation
 - Location
 - Department
 - Reason for leaving
 - Performance level (High performers)
 - Engagement scores
- By taking a more granular approach to analysis you can begin to unfold a “turnover story” that begins to yield “HR Intelligence” rather than just metrics.

What If?

- What if you are able to develop a “high performer profile” that enables you to hire the right people the first time?
- What if you are able to identify your high performers that are at risk for leaving the organization?
- What if you are able to determine the HR initiatives that will best contribute to the bottom line?

Using HR Metrics for Maximum Impact

Key Stages to getting maximum impact

- Identifying where HR can make a strategic impact
- Selecting appropriate metrics from which organizational insights can be drawn
- Effectively communicating insights from metrics for maximum impact
- The HR function and measurement capability

HR Function and Measurement Capability

- Ability to understand the language of the business
- Relationship management skills
- Information-gathering skills to identify key strategic drivers
- Functional agility
- Confidence with qualitative and quantitative assessments

Measurement issues

- **Aligning measurement with goals** – measurement cannot take place in isolation. It needs to be linked directly with the strategies and plans of each organisation, which in turn must derive from the overall direction that has been established.
- **Take a business partner perspective** –Effective use of measures involves approaching things from a line manager perspective. The involvement of multiple stakeholders in the identification, design and development of priority measures provides a focused and relevant approach.
- **Adding value by focusing on building capability** – senior stakeholders are interested in issues such as: how are our people performing relative to our competitors? How much talent do we have? How good is our leadership? What are we like on innovation compared with our competitors? What future people actions are required to increase shareholder value? A rigorous approach to measurement of these issues requires that HR professionals are able to ‘let go’ of other, more process-driven measures.

In Conclusion

- The time is now to move away from metrics and move towards analytics.
- CEO's demand for data has never been higher.
- The focus on high performing talent has never been greater.
- **If HR intends to remain a player...analytics are table stakes.**