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Understanding what's possible from your HR data

HR analytics has the potential to transform the way businesses operate, as well as the HR functions responsible for informing the business through data. Whilst delving into analytics can appear overwhelming, and perhaps outside the comfort zone, it's small practical steps, not giant leaps that will move the agenda forward.

HR analytics doesn't have to be a huge intervention. Small projects with clear objectives, using accurate data, can pay huge dividends. In this article, Capita HR solutions' Barry Shannon looks at where HR analytics is heading in the future, how our clients are already using it, and how you can make a start on turning data into insight today.

The challenge

Capita's recent Workforce Horizons white paper reported that "The HR function is awash with data but is struggling to understand how to use it and how to get analytics initiatives off the ground." More than a third of HR professionals that participated cited a lack of analytics skills as the source of reluctance to venture into analytics, and 30% identified an overabundance of data.

There are other barriers too when it comes to leveraging insight from HR data: "Part of HR's challenge is the fact that workforce planning, big data – and wider aspects of talent management – are still in their relative infancy as core business functions, so they are yet to be fully embraced by many corporate teams" according to Workforce Horizons.

But, without brushing these concerns aside, there are plenty of opportunities for HR to make a start on analytics without the need for deep analytical skills in-house or an organisation-wide technological overhaul.

We see the future of analytics not as an overnight transformation to a business that is suddenly completely led by data, but as an ongoing and continuously evolving scheme of manageable projects where HR works in partnership with the wider business and external providers of solutions and market data.

The opportunity

Whilst technology is providing access to ever-growing amounts of real-time data, it's HR and their internal and external support teams that will turn it into insight that is of strategic value to business.

According to Capita's Workforce Horizons research, 38% of HR professionals see the value of big data for analysing performance-management factors such as employee attrition and loyalty. This is already apparent in the work we do with clients who are increasingly looking for data-led solutions rather than traditional, advisory style consultancy.

For example; using an analytics-led approach, we worked with a national retail chain to help them find efficiencies through people. We helped to identify £2.5m per annum of benefit savings for the business, as well as employee savings of between £500 and £2,200 per employee per annum.

We did this by working with the client to gather and analyse the demographics and benefits data for the company's 300,000 employees and comparing providers for each of the benefits. The savings are at no detriment to employees who will receive no changes to the benefits or pensions they receive.

For another client we used our data analytics to help them reposition their employee value proposition, and to make cost savings whilst offering improved benefits. Using market research and demographic information we built a picture of the types of benefits that would be most appealing and relevant to their various employee populations. We worked this into a model for providing flexible benefits in a cost-effective manner.

By providing flexible benefits, the company is demonstrating its understanding of the varied needs of its workforce, and is building its brand with a diverse population at different stages of their professional lives. By being smart about providing certain benefits to certain groups, and allowing employees more choice about their benefits, there was also a net saving to the company of £112,000. By using demographic data and market research data, we could make reliable recommendations to the client even when asking them to offer benefits they had previously not considered.

People as well as technology

Technology and advancements in analytics made these project results possible, but the real value is added by the people who translate the insight into tangible ROI. Where analytics will be successful in future is where people translate big data into actionable insights that deliver real business benefits.

Based on client engagements here are some key points to remember:

Stay focused on objectives: don't start too big, nor with all your organisation's data. Start with a clear objective in mind like: 'I want to identify cost savings in our benefits scheme' or 'I want to identify the critical skills gaps in our organisation' and stay focused on that outcome or else you risk being overwhelmed by reams of historical data.

Translate insight to ROI: think about your audience from the boardroom to line managers and define the output they are looking for. Rather than presenting them with information on absence trends for example, calculate the opportunity cost, the potential increase in revenue if absence were reduced to market average levels. Make sure outcomes are measurable, preferably in financial terms.

Make sure your insight speaks to non-HR people: if HR is to truly get a seat at the top table, it needs to be able to demonstrate how it can influence the bottom line through its people-based interventions. As well as actually delivering business benefits, it needs to be articulated in the language of the leadership team through metrics and rationale that is meaningful to them.

The bigger picture: internal data such as payroll can be used to provide an organisation-wide view but increasingly clients want to compare their organisation to industry, market, or best-in-class norms; so do consider other sources of data. Technology platforms have the potential to make huge time savings and a degree of external expertise – along with an external perspective – can speed up the journey towards becoming a data-led HR function.

Insight derived from workforce data will be increasingly available and key to strategic decision making. As we have seen from the examples, effective HR analytics is more than a buzz word or 'something that HR should be doing'. Effective HR analytics reduces costs to the business, reduces risk, improves effectiveness and helps the business articulate its brand.

By providing well informed data-led recommendations and insight that delivers real business benefits, HR also has the opportunity to elevate its internal positioning as a function that adds strategic value.

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Contact Us

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