Brilliant decisions start with HR insights

Three steps to turn people data into business impact

ADP®
A more human resource.℠

Data is not enough

People are the most important part of your organization. Understanding what they do, how they do it, and even why they do it, provides invaluable insights for optimizing your processes, department, or entire organization.

And as a business leader, in many ways you've never had it so good. There's more people data available than ever before, and you've got the opportunity to put it to work through data-driven initiatives like changes to workforce demographics, employee retention, or benefits allocations. And most important, you have a chance to fuel business decision-making with smart workforce insights.

But until now, you haven't taken full advantage of that chance.

You've learned (often the hard way) that just having data is not enough.
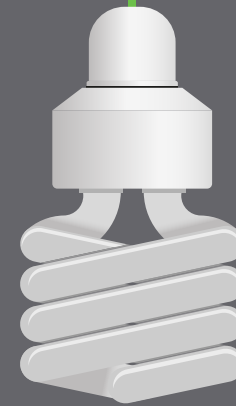
You've got lots of it, but it's stuck in separate systems, and you can't see the bigger picture. **You're in the dark. But you don't have to be...**

Once you've learned how to turn your people data into real business value, you'll create more visibility within your business, and everyone will see that the rewards of HR analytics are worth the effort. It's time to take the opportunity to prove the value of data-driven HR. No more darkness. Otherwise, the only journey ahead is into some challenging pitfalls. We've identified five of those, and we're going to show you how to avoid them.

Five pitfalls to avoid with HR data and analytics

- Fragmentation
- Lack of context
- Primitive predictions
- Mismatched business objectives
- No follow-through

Fragmentation

Your workforce data is in pieces

The cause

Your data is in separate, siloed systems, and there's no easy way to stitch it all together. When the explosion in workforce data (of unprecedented volume, variety and velocity) promised you cool, confident decision-making, the reality turned out to be closer to chaos.

Now, you have so much data, you don't know what to do with it. You may not have the in-house skills or tools to enable you to figure it out – and investing the time and resources to get them isn't a top priority for your organization.

The symptoms

You're getting snapshots of your people instead of the big picture. When you look for insights, you only see individual parts of the story, and can't make relevant systems speak to one another. You might not even know where to look for data you need for specific tasks and processes.

A scenario: Reduce Employee Turnover

Your organization has a steadily increasing employee turnover rate. It's a huge cause for concern, with your data showing turnover occurring across a range of departments.

What you don't know is that there's a problem with your onboarding and learning processes. Your employees aren't feeling connected to your organization, which is critical to productivity and retention.

By just looking at completed training courses and onboarding survey results, you think these employees are fitting in and feeling comfortable.

But what you don't see are other data points, such as feedback from peers, a higher than usual absence rate and the effect that overtime is taking on certain employees. All of that data has been captured, but you can't put it together to get insight. It's all in different systems. If you had access to all this data in one place, you could think about working with managers to schedule more frequent checkpoints to improve engagement and retention.

As your organization looks to reduce turnover, you're in serious trouble if you can't see these trends and get ahead of them.
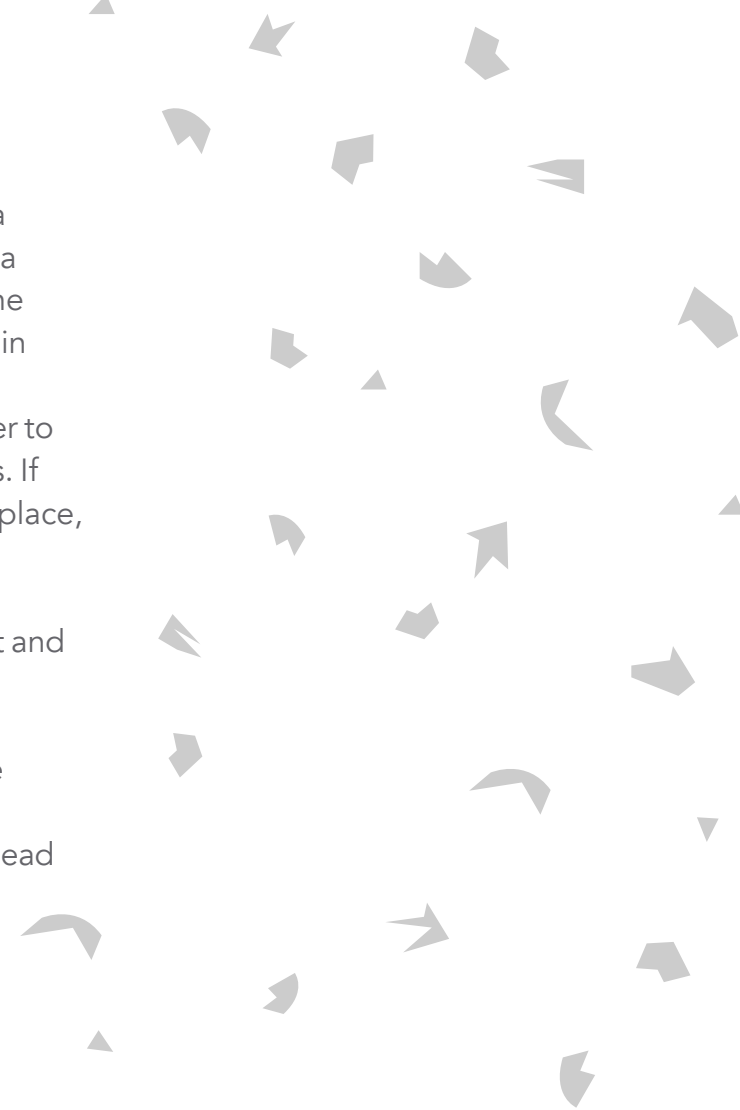
Lack of context

You don't have anything to measure against
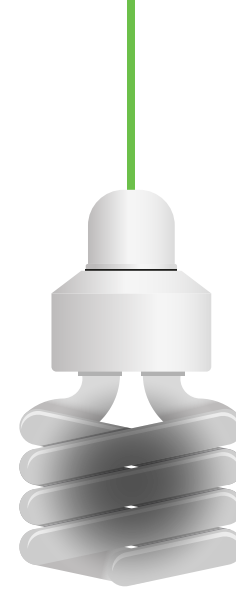
The cause
A little data can be a dangerous thing. It can lead you to act without possession of all the facts. And here's the thing: Even if you take full advantage of your internal data, you don't have the whole story. You lack the external context that tells you how your organization compares to others like it.

The symptoms
You can present data to your colleagues, but can't explain where your organization's performance stands competitively. You've identified a few patterns and trends, but you can't see how they came about, or how they're contributing to wider problems. You don't know if your issues are broad and industry-wide, specific to geographical regions, or unique to your organization. For all you know, your issues could be anomalies.

A scenario
You're a **retailer** with stores in many states. You have data indicating high overtime rates in many of your locations. The numbers have risen sharply in the past two months – that looks like a problem. You decide to try to cut overtime costs by hiring more staff, and you recruit several new employees on permanent contracts.

But you were acting on partial data. You didn't have any benchmarking context. If you had, you'd have seen that the overtime spikes corresponded with seasonal busy periods that are industry-wide, and you might have hired temporary staff to ride it out. But it's too late. You've spent the money.

Primitive predictions

How HR became a guessing game

The cause

Even when you supplement your reporting capability with benchmark data, you're still only describing what has already happened. If you want to know what's around the corner, you need to get a little smarter.

The symptoms

Your workforce is evolving, and you know you need to act fast – not just to reduce turnover and fill the gaps that appear when your Baby Boomer population retires, but to deal with an increase in contract work and job-switching in 'the gig economy'. But you're unable to make plans with confidence. You simply can't forecast the effects of new retention and succession programs. You may not even know about your looming skills shortage – you can't spot any signs.

A scenario

The **financial services** organization you work for is planning its leadership pipeline. It wants you to replace some senior employees coming up for retirement. Instead of searching for external candidates, you plan to promote from within, and you've invested heavily in training and development programs for high-potential people.

What you don't know is that several of your top leaders-in-waiting are unhappy. They haven't had significant promotions or pay raises in a couple of years, and they feel the company lacks direction. The warning signs are all there (engagement surveys, performance scores, pay data), and together they signal imminent flight risks.

But your reports don't flag these things, so your company keeps spending money on these employees, half of whom are already in talks with new employers. When it comes time for senior employees to retire, you could be left with empty leadership positions. Very quickly, you'll have a recruitment nightmare on your hands.

Mismatched business objectives

When HR and strategy don't collaborate
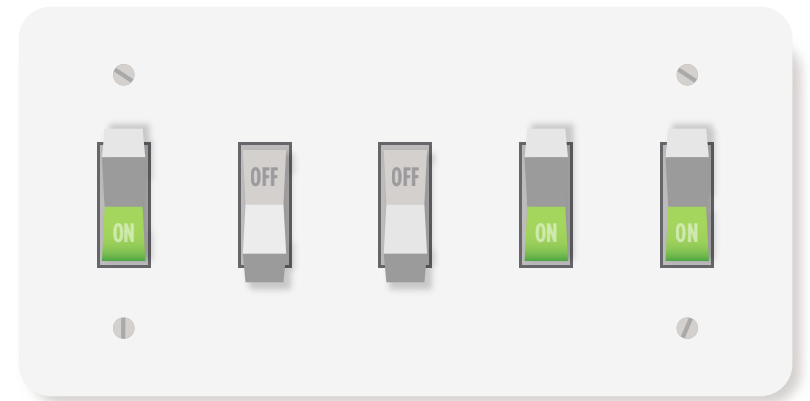
The cause

HR analytics is about using your people data to make better decisions. But you risk undermining all your efforts if you're not concentrating on the right ones. When business leaders don't collaborate closely with their colleagues in the organization – the people on the ground as well as senior leadership – they're unable to prioritize urgent business objectives and align HR programs with them.

The symptoms

Your projects are rolled out quickly, without the collaboration and planning necessary to give them meaningful direction – or to even nail down exactly what the desired outcome will be, and what KPIs will indicate success. When your HR department can't show how its work directly contributes to growth, or boosts the bottom line, you're viewed as separate from key strategic business disciplines, and the vicious cycle continues.

A scenario

You work for an **energy company**, planning to open a new plant overseas in China, but you don't know about this yet because you haven't been involved in the right meetings, where this kind of growth is planned. Ideally you would have already begun a recruitment program in the destination country, and organized language and business etiquette training courses for the leaders sent over to manage new recruits. But you didn't know about this important project. So you've already spent the majority of your budget on hiring programs in your existing locations.

No follow-through

Lots of data, no action

The cause

Often, the hardest stage of the journey from data to value is at the end, when insight needs to be translated into action. That can happen for a few reasons. For example, when the wrong analytics programs are chosen and useless outputs get generated, leaving you without any actionable insights.

Or when your organization's broader business objectives are incorrectly identified and communicated from the start, so you build your analytics on the wrong foundations. And sometimes, despite the right insights, you can fail because the right people simply can't be convinced to act.

The symptoms

Descriptive data overload: Your data was made into useful outputs like spreadsheets, dashboards and presentations, but then those were abandoned. People who could have worked on the identified patterns didn't understand them, or didn't trust themselves to take on the responsibility. They may have never even seen them.

A scenario

You're a **manufacturing firm** with multiple offices and a varied workforce. You want to design new benefits and wellness programs. You've invested in data-driven HR, and now you get swathes of data pouring in every day.

It shows you productivity rates, turnover rates, overtime and absence rates, engagement scores, and more. But it doesn't tell you anything about the relationship between them.

With advanced analytics, the data could have told you new things about your workforce. It could have revealed a relationship between overtime and engagement, or productivity and learning programs. Instead, you just kept receiving reports every month, with more information every time, but no insights. Without that follow-through, your HR policies and investments never evolved.

From people data to business impact

Now that we've covered the five pitfalls of HR data analytics, let's look at a model for success: A three-step process that turns information into impact.

1

Get the right data

The need for clean data without gaps that feeds analytics programs isn't new – it's table stakes really. What's harder is making sure you have all of the right, relevant information you need, without wasting your time on the rest.

If you're not sure where you should be directing your attention, or you're trying to tie HR strategy to multiple business goals, it can be hard to know where to start with data collection. **You need an analytics tool that's going to collect enough data to provide broad, useful insights** – even if you don't know precisely how you'll use them in the short term.

2

Understand what it really means

Truly effective HR analytics isn't just about combining lots of different kinds of data. Even when you add benchmark data to see your performance in context, you're only part way there.

It's absolutely critical to look at your workforce insights in the context of your business goals. From start to finish, HR analytics should be closely aligned with the organization to establish the right metrics to shoot for, and to show how workforce-related decisions could impact operational and financial objectives.

3

Put it to work

Then it's time to get serious about making a difference with your data, using it effectively to **optimize processes, clarify policies, and improve in new ways**. Without this, people data is just zeros and ones. Get it right, and it's the living proof that organizations cannot afford to make strategic decisions without the help of a data-driven HR team.

This is what we do

Equipped with the right data, technology and expertise, HR teams are setting out to prove they're an indisputable and indispensable leadership force.

We're ADP®, and we're data obsessed. We help organizations put their data to work for them, turning workforce insights into positive change for their people and the whole organization.

If you'd like to learn what's possible, **contact your ADP HCM Specialist** — we love to talk to smart leaders about how we can help you achieve your business goals with meaningful data.
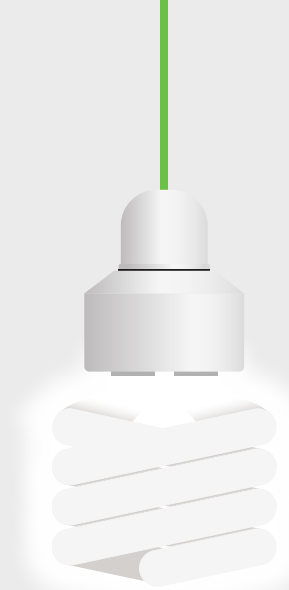
Did you know, ADP

- Leverages insights from 30 million people records*

- Provides comprehensive HCM capabilities in more than 100 countries

- Offers employee support in 29 languages.

- Serves 70% of Fortune 500 companies

- Pays 1 in 6 workers in the U.S.

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