# Patrick Coolen – Applying Strategic HR Analytics



By Patrick Coolen

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So what would be interesting for HR to investigate in your organisation? Is this the number of regretted leavers, the drivers of absenteeism or engagement, finding the people characteristics of your top performers, or determining how leadership is influencing sales or customer satisfaction? The thing is, whatever you are looking for, it should be of *strategic value* for your organisation.

It is less about the analytical products, tools or techniques that you are using but more about finding the relevant strategic business question. Of course your ability to find the right answer for a business question increases when your maturity in statistics, data mining, machine learning tools, survey management and strategic workforce management is high. In other words your analytical maturity drives your ability to operationalise your strategy. But if you can answer a business question by creating a simple but effective pivot table and corresponding graph, by all means, please do. So find your best way to have impact on your business strategy by applying analytics, they are a perfect match.
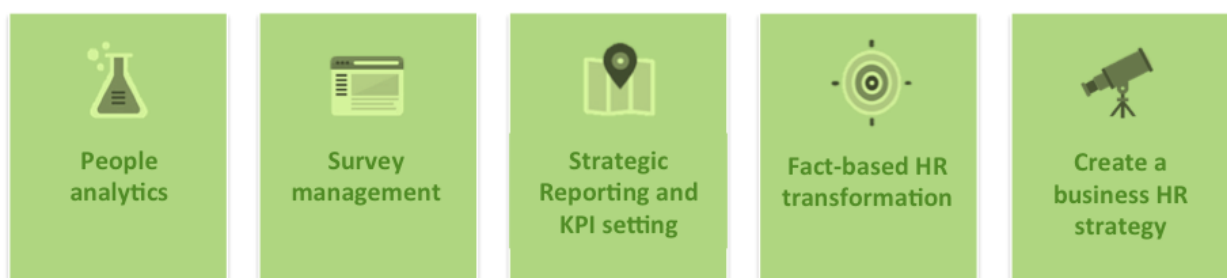
**The evolution of HR analytics**

Our HR analytics department evolved in the last four years to a point where today analytics and strategy are joined in one HR department. You could say in our case that five aspects evolved over time resulting in where we are today.

1. ***The evolution of techniques and tools***. Our capabilities to perform statistics or data mining techniques on our data, was the first thing we focused on. Together with our analytical partner we established a process to conduct research on our data using techniques from anova, correlation and regression to e.g. decision trees, clustering, multi level analyses and topic detection. Our tool suite evolved from using SAS to R to BigML (machine learning) and we are keen to follow promising tools like Talent Insight by Watson IBM.

2. ***The evolution of our analytical product offering***. We started off with the statistics but over time we added products like <mark>support on KPI setting, strategic workforce management, capability and community building and survey management</mark>. The strategic business question at hand will determine which analytical product, or combination of products, we will need to deploy. We are constantly working to improve our analytical product offering.

3. ***The evolution of our capabilities***. <mark>Besides the technical skills (techniques, Infrastructure, tools) we invested in consultancy skills and specifically what we like to call 'critical thinking'.</mark> Our department doubled in size in the last half-year and the new joiners are predominantly consultants, or translators if you will. They sit down with our customer, either a business line or an HR product owner like the head of recruitment, and translate the customer question to one or more of our products. To do this they need <mark>to challenge the customer question. Is there evidence for the problem or opportunity? Is there an underlying problem? What is solved or achieved by answering the customer question?</mark>

4. ***The evolution of positioning the HR analytics department***. We started our department within what we called HR business management. Our direct colleagues worked on activities like HR data quality, HR reporting and HR infrastructure. Not necessarily a bad place to be in. The mutual thing we had in common was data. In year three of our journey we moved to Reward and Performance Management. The simple practical reason for this was to understand and use more of our remuneration data within our research. But since half a year we are part of the <mark>department HR strategy, analytics and change</mark>. Personally I think this is the best place to be for an analytical department. To understand strategy, to operationalize strategy or to evaluate strategy you need analytics. In other words analytics provides answers to strategic questions. Again, that is why they are a perfect match.

5. ***The evolution of analytical leadership***. We were always lucky to work in an organisation where they embrace analytics. Our journey started four years ago because our CHRO and the HR management team, which I was part of, believed this was the way forward. But along the way this belief strengthened within the HR leadership and in our business. That is why today <mark>one of our must-win battles is 'becoming a fact-based HR organisation'</mark>. <mark>Analytics is becoming more and more part of our HR DNA, thanks to our leaders.</mark>

**Our analytical product offering**

We are constantly improving our analytical product offering in order to make better-informed decisions that positively impact our business goals. Let us talk briefly about our current offering but also about some of our future and innovative ideas.



People analytics | Survey management | Strategic Reporting and KPI setting | Fact-based HR transformation | Create a business HR strategy

*1.* ***People Analytics***, or (predictive) HR analytics, is the focus of most of my previous posts. (…) In the last four years we supported most business lines with our predictive research capability. Here are some recent examples. For our call centres we identified the most important <mark>people characteristics</mark> that influence average handling time and call satisfaction. We also isolated the difference in characteristics for our <mark>top and bottom performers</mark>. Within private banking we found the main HR drivers to maximise client satisfaction and financial goals. Within retail we measured and isolated the effect of a large training intervention with the goal to improve the net promoter score of our customers. And finally we examined the effects of having a strong organisational or individual purpose on organisational loyalty, performance and engagement. For us, people analytics is still a very important

and innovative product that really provides insights to our customers and helps them to take the appropriate actions, but there are more analytical products that can help.

**2. *Survey Management*.** We inherited the engagement survey, a valuable source of information for our organisation. However we believe we need to step up on this product and have to move away from an annual survey to continuous listening. Individuals go through the so-called employee life cycle. They interact with our organisation through processes like recruitment, on boarding, performance management, training and development and reorganisations and they all have personal experiences we can learn from. Again, not once a year but continuously.

We also think we have to move away from large sixty-item questionnaires to smaller questionnaires per HR topic (e.g. engagement, leadership, diversity). An important reason is of course to simplify our surveys but also to better time the different HR topics when they are relevant. Furthermore we should be able to work with samples of our populations instead of trying to reach everybody at the same time and send out our questionnaires via apps or at least a mobile platform. By doing all this we will be able to listen better on relevant topics when it matters the most. We are looking to invest more in psychometric skills to improve survey design and to evaluate the validity of our questionnaires. Needless to say that surveys can enrich our data that is used in our HR analytical research.

**3. *Fact-based HR Transformation*.** One of our main focus areas in HR is becoming more fact-based, or evidence based. But what does that mean? When are we successful in becoming more fact based? It would be ironic not to define our success indicators on this, right? So we determined six areas of which we believe they are prerequisites for a fact-based organisation. I) Infrastructure, II) Data quality, III) Data analytics, IV) Product/ process data availability, V) Skills and capabilities and VI) culture and leadership. Each area can be evaluated as low, medium or high mature for your client's organisation. Based on the gaps you create a strategy to transform your current organisation to a more fact-based organisation. Our analytical department will work together with our HR IT department and HR data quality department to close the identified gaps.
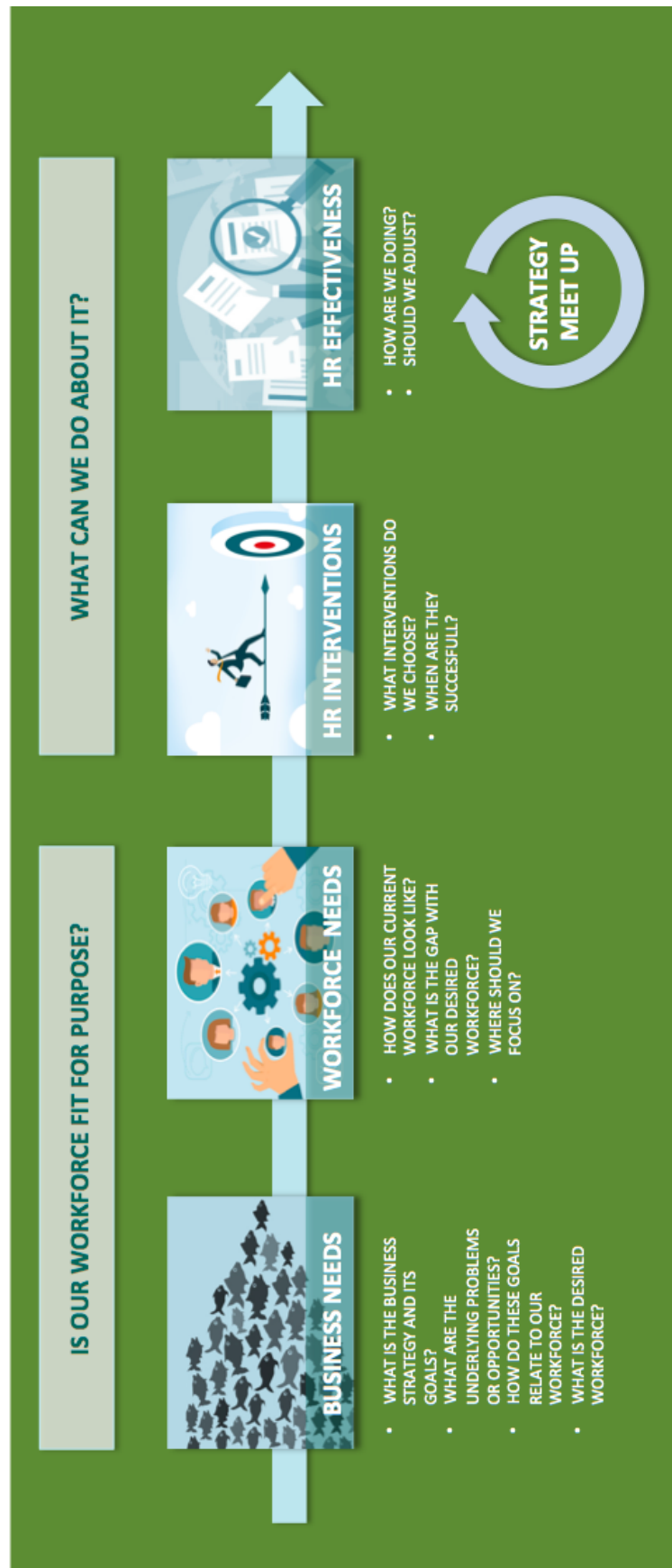
**4. *Support on strategic reporting and KPI setting*.** We create periodic reports for HR management, the executive committee and advisory board. In most cases we report on items like FTE trends, engagement, absenteeism, recruitment pipelines and diversity. We are currently thinking of simplifying and merging some of the reports. We are also thinking to include external HR trends and outcomes of our analytical research. This will bring our reporting to a more strategic level.

We are also often asked to advice on the definition of key performance indicators. You can have very long discussions on the definition of an underperformer, a regretted leaver or the performance of a team. We can facilitate these discussions because we have experience in defining metrics and we know if they can actually be measured. Having a clear HR metric catalogue within your organisation, that provides definitions of metrics and when to use them, can be very helpful. There are some good examples of HR and industry initiatives to formulate such an HR metric catalogue.

**5. *Creating a Business HR strategy*.** This is actually what it is about! How can we create an HR strategy that helps our business to reach their goals? This is where strategy meets analytics! Many companies already have years of experience with strategic workforce planning. But in many cases, including ours, these types of projects start with a large scope, many stakeholders and an over engineered planning. In other words they start too big with a high risk of never reaching the finish line.

That is why we turned it around. Let us make strategy step by step and together. We propose an *agile* approach to create the business HR strategy. Agile because we bring different experts, e.g. business, HR business partner, HR analytics, HR strategy, in the same room. And agile because we aim for a realistic and minimum viable product, e.g. interpretation business strategy, primary impacted workforce domains, GAP analyses, intervention plan and an evaluation plan. So the underlying principles and questions of strategic workforce planning are still valid. Is our workforce fit for purpose? And what can we do about it? But we believe that with our approach we make it easier to answer these questions and we do it together throughout the whole process.

**BUILDING A BUSINESS HR STRATEGY**

IS OUR WORKFORCE FIT FOR PURPOSE?

WHAT CAN WE DO ABOUT IT?

**BUSINESS NEEDS**
- WHAT IS THE BUSINESS STRATEGY AND ITS GOALS?
- WHAT ARE THE UNDERLYING PROBLEMS OR OPPORTUNITIES?
- HOW DO THESE GOALS RELATE TO OUR WORKFORCE?
- WHAT IS THE DESIRED WORKFORCE?

**WORKFORCE NEEDS**
- HOW DOES OUR CURRENT WORKFORCE LOOK LIKE?
- WHAT IS THE GAP WITH OUR DESIRED WORKFORCE?
- WHERE SHOULD WE FOCUS ON?

**HR INTERVENTIONS**
- WHAT INTERVENTIONS DO WE CHOOSE?
- WHEN ARE THEY SUCCESFULL?

**HR EFFECTIVENESS**
- HOW ARE WE DOING?
- SHOULD WE ADJUST?

STRATEGY MEET UP

In most cases three to four workshops will do, but in some cases less is also doable. This depends on the pre and intermediate work that can be done and the robustness of the business strategy. In our experience, and if you are ready for it, a very nice way to interact with your customer during these workshops, is to bring in your analytical tools and run your models or queries on the spot.