

How predictive people analytics are revolutionizing HR

Introduction

HR can use insights to drive customer behavior and engagement

Jeff Bezos, CEO of Amazon said, “We see our customers as invited guests to a party, and we are the hosts. It’s our job every day to make every important aspect of the customer experience a little bit better.”

In today’s consumer-driven, digital, on-demand world, it is easy to recognize the importance of understanding and developing offerings intended to please, even cater to, customers. Competition is stiff, with nearly half of US consumers indifferent to brands.¹ And unhappy customers can not only choose another organization from which to buy, but can share their negative experiences—far and wide, and in an instant, via social media.

Thinking about the customer experience is a “no brainer,” but what about your workforce? Not only are your employees participants in today’s consumer-driven market, they are also your internal “customers.” In Deloitte’s

“Creating a consumer-grade experience for employees with digital HR,” we provided examples of what HR organizations can learn from successful customer service stories. Not prioritizing your employees’ experience can open your business up to a host of issues—from those affecting HR, to those with the potential to hurt the bottom line. HR can help the entire organization optimize their approach to employee engagement, just as marketers emphasize with their target audiences.

The role of marketing is to help drive brand awareness, loyalty and, ultimately, sales; to get there, the focus is typically on the customer journey. Marketers closely examine their customers—and prospective and former customers—to truly understand their audience, and to engage them in a meaningful way that leads to not only a sale, but repeat business. Marketers have excelled at segmenting customers and



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prospective customers into groups based on shared characteristics; they also excel at targeting desired customers with messaging designed to influence a purchasing decision and customer loyalty. If businesses are expending significant efforts to attract and retain customers, why not do the same for internal customers: employees? Shouldn’t employees be treated and examined like the independent, valuable individuals they are?

Imagine a future in which HR could shift its focus to “market” to employees, mirroring strategies that marketers emphasize to attract customers. Imagine that HR could segment employees not only using the traditional groupings based on demographics and transactions but also via new, even more valuable segmentations based on employee needs and common characteristics. They may soon be able to, with the implementation of predictive people analytics practices.

The current state of people analytics

The workforce is undergoing radical changes, with the need to manage more generations than ever before, often across continents, while addressing increasing worker expectations. Yet analysis into workforce issues is often lagging. Most organizations have made big investments to optimize customer, marketing, and financial analytics, but aren't taking the same approach to analyzing and understanding their workforce.² Why is the management of talent, arguably an organization's largest and most important asset, not being treated as a business issue?

Traditionally, HR analytics has consisted of data that has been segmented into categories driven by employee information

such as level, location, cost, function, and tenure within the organization, as well as organizational workforce data like headcount and retention rates. This type of information, which results in more historical reporting than analytics, provides insight into how things are, and what people are doing, but not on *why* they do it, *how* they are contributing, or even what they *might do* in the future. The more advanced form of analysis, people analytics, can describe the factors that make for an engaged employee, and that define the optimized organizational model and culture. It involves applying data science to the workforce through "measures that matter"—those HR measurements that are vital to support broader business goals, objectives, and decisions.³

Treating individuals in today's diverse workforce in the same way, and providing them with the same information and communications, isn't the most effective approach. Segmenting the workforce based on employee needs and common characteristics can turn the model into an employee-centric one, in which data allows HR to focus on measures that matter to the employee, understanding and engaging with them on a new, deeper level. Research from UNC's Kenan-Flagler Business School finds that an engaged workforce is 57 percent more effective and 87 percent less likely to leave.⁴ This is good for both the workforce and the bottom line.

CASE STUDY

Deloitte helps an energy company use analytics to identify "new energy" for its leadership team

The challenge

A global energy company perceived a leadership gap within a geographic region. As such, they sought to identify the attributes of a successful global leader and determine whether the current workforce held those attributes.

The solution

Deloitte helped the company develop a scoring model intended to identify attributes of success for a leadership role, based on historical data, and implement the scoring model among selected employees. Together, we were able to determine the top reasons driving those employees' score.

The results

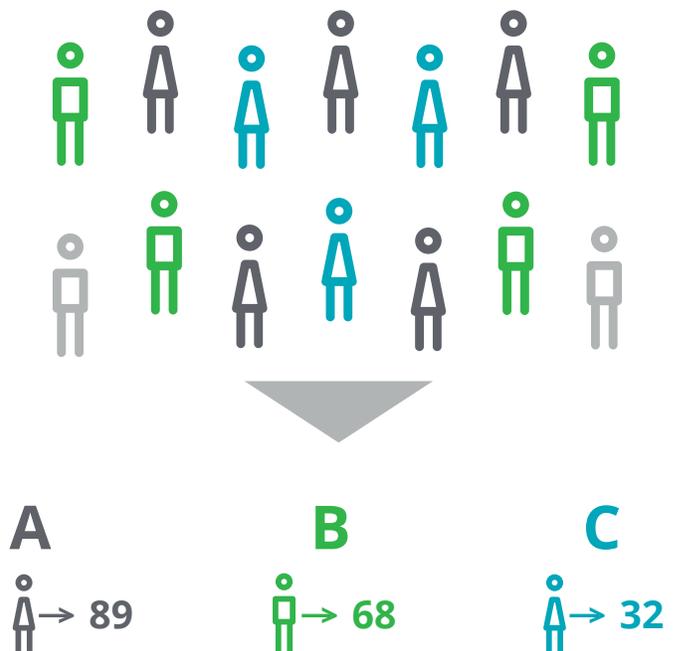


Identified a set of **data-driven improvement opportunities**



Educated key executives on the importance of consistent and transparent high potential assessment and selection criteria

Sample output



And, as mentioned, people analytics aren't just beneficial to the HR function. By providing people analytics and insights to other areas of the business through an information loop, HR can help drive business value. Let's say that the business is concerned about a seasonal lull in sales and productivity during the late summer. In response to this business challenge, HR can analyze data from time and attendance, employee movement, and operational and financial systems to gain insight into trends in employee vacation times. The business and HR can use this information to help identify alternative sources of talent, perhaps even retired or seasonal employees, to mitigate the anticipated lull in sales and productivity due to short staffing.

People analytics can enable organizations to take insights and turn them into action, using data to understand employee behavior within every part of the business and embed analytical tools into day-to-

day decision-making.⁵ Having data about recruiting processes may be helpful for the talent acquisition function, but a business leader is likely more interested in insights around how employees are performing once they are part of the organization and how likely they are to succeed—or leave. Having data on that person's performance reports, salary increases, and operational effectiveness would let a leader know just how value additive that resource is and will advise the talent acquisition function regarding attractive attributes of prospective candidates. If a leader can also access data about which employee groups are most likely to leave—typically things like tenure, function, manager and team composition, and demographic information, they can intervene and enact initiatives intended to prevent unwanted turnover.⁶

This is a multi-step process that first requires aggregation and cleansing of the data, running analytics to glean insights,

crafting a compelling action plan, and using an intuitive self-service gateway for employees and managers. High-performing people analytics organizations are able to integrate data from myriad internal (and external) sources, conduct analytical studies and provide insights through user friendly, visually appealing technology platforms.



People analytics can help organizations comprehend the changing workplace

While many organizations are unaware of how to best address the disruptions affecting every business in every industry today, there are some organizations that are using people analytics to understand the complex workforce challenges. In fact, 71 percent of executives surveyed in our 2017 Global Human Capital Trends report said that people analytics is “very important” or “important.”

Common focus areas include:



Attraction
What are the characteristics of high-performing leaders, and how can we hire/promote people like them?



Engagement
How does engagement correlate with business metrics?



Productivity
What are the characteristics of our most productive employees?



Retention
How can we retain top performers?



Organizational design
How will redesigning the organizational structure help achieve strategic objectives?



Interaction
Are employees interacting with the company and is the organization interacting with employees through a digital platform?



Development
How effective are our training programs?

People analytics will continue to evolve

Despite the progress that is being made, people analytics has yet to reach its full potential. Many of the insights gleaned from today's data are fairly straightforward results of the integration of employee attribute, movement, and operational data. However, the people analytics of the future will likely pull in behavioral data to help uncover information that organizations have not yet been able to detect, like what drives future employee actions. And by having greater insight into the likelihood of future

events, planners can make faster and more grounded decisions, resulting in increased efficiency and cost-effectiveness.

In the near future, tools will enable organizations to collect behavioral insights, which can be correlated to demographic and transactional information that already exists. The future state could track what users click on, the duration of time they spend on certain activities, what they search, what knowledge articles they are

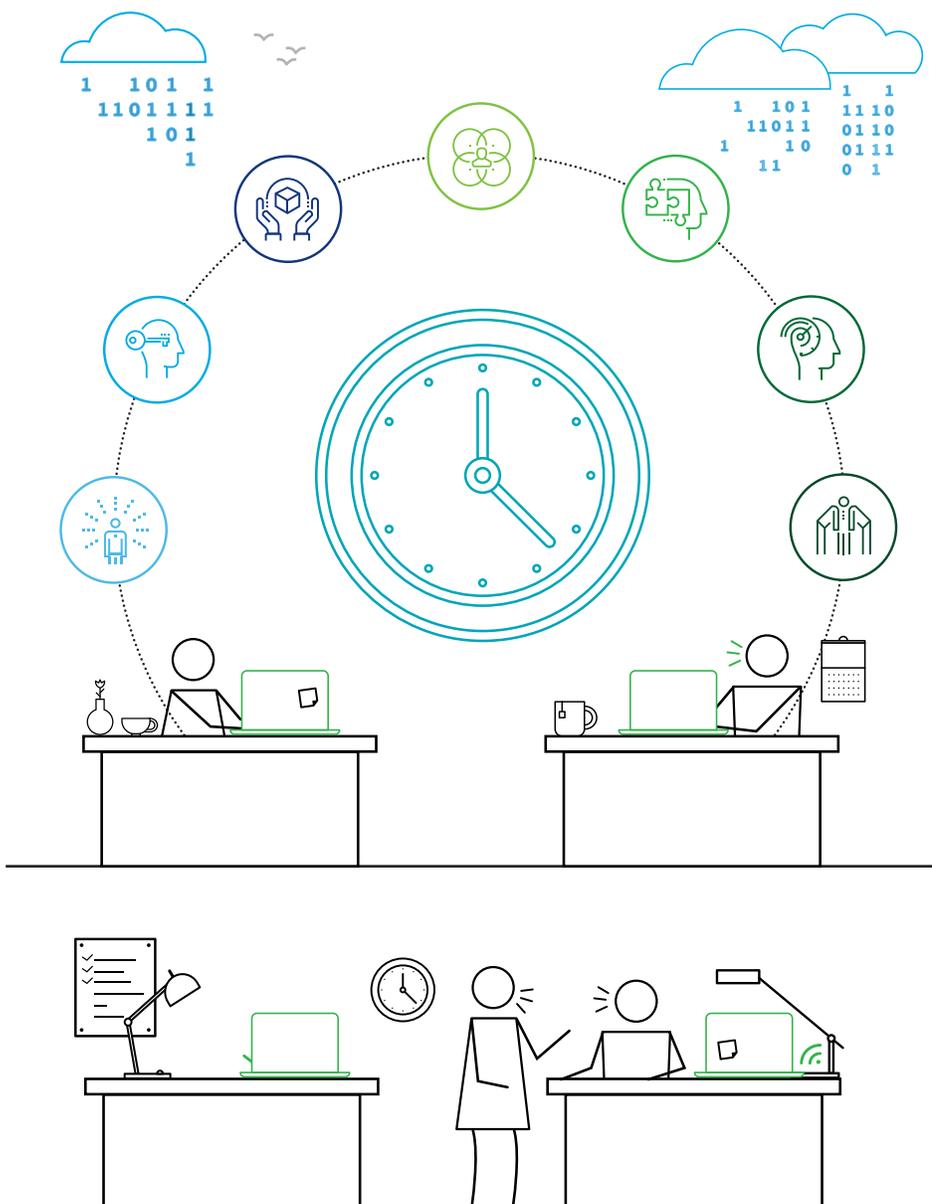
reading, and more, all to identify trends that could help predict employees' actions before they make them.

Information could be gathered from a variety of sources that shed light on behavior—like social networking, collaboration tools and email, or internal documents, as well as human capital management (HCM) tools like Deloitte's ConnectMe, a digital workplace product that enables the workforce and managers to access all of their HR-related information through a personalized dashboard with content specific to their needs. ConnectMe also uses advanced analytics to allow HR to continually improve content and processes.

When analytics can tell us what people tend to do in the months, weeks, and days leading up to a major decision, such as a resignation, organizations can take their own actions in response. Of course, intervening with at-risk employees is only one example of how predictive people analytics could be used. The beauty of this technology is that, over time, turnover rates can be reduced proactively, without need for intervention. And the data can be gleaned for all sorts of insights that can be used to help influence business strategy. By segmenting individuals by measures that matter, HR can engage them from day one. Data can be used to respond to employees stated and unstated interests, whether individually through marketing-style messaging, or with programming across business functions and employee segments that share common characteristics.

So where do we see people analytics in the future? We see HR beginning to use the new, predictive people analytics to think and behave more like marketing, using powerful insights to influence programming that attracts and retains employees—their most important customers.

To learn more about using human capital management tools to glean insights into employee interactions, visit www.deloitte.com/connectme.



Endnotes

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Contributors

David Fineman
Specialist Leader
Deloitte Consulting LLP
dfineman@deloitte.com

Marc Solow
Managing Director
Deloitte Consulting LLP
msolow@deloitte.com