



Welcome to the SIG University Webinar Series

HR Trends: Using Benchmarking & People Analytics to Support a Data- Driven Approach to Talent Management

John Tunney | *SIG*

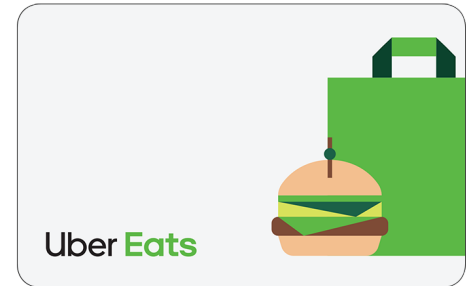
Stacey Davis | *ADP*

May 19, 2021



Reminders

1. Slides and resources will be emailed after the webinar and are available on silbs.com/events
2. Complete our 2-minute post webinar [SURVEY](#)** All attendees who complete the survey will receive an UberEats gift card.



UPCOMING

Strengthening Your Benefits Package with Technology Solutions

May 20th, 2 PM – 3 PM EST

Affordable Care Act: What's New With the ACA?

May 26th, 12 PM – 1 PM EST

Presenter: Stacey Barrow, Esq., *Marathas,
Barrow, Weatherhead, and Lent, LLP*


Diversity in the Workplace: Creating a Positive Culture of Inclusion

June 10th, 11 AM – 12 PM EST

Presenter: Risa Lavine, *CohnReznick*

Webinars



A laptop is shown from a high-angle perspective, displaying a video conference with approximately 15 participants in a grid layout. A semi-transparent white triangle is overlaid on the left side of the laptop screen, containing the text. The background is a blurred office setting with a wooden desk and a white coffee cup.

HR Trends: Using Benchmarking & People Analytics to Support a Data- Driven Approach to Talent Management



Agenda

- Introductions
- SIG | Alera Group HR Tech Capabilities
- HR Analytics: Key Concepts Merged with Sample Case Study
- Example Metrics / Dashboards by ADP
- Final Q&A

Presenters



John Tunney

Alera / SIG

VP, HR & Benefits Technology
Consulting



Stacey Davis

ADP

Broker Relationship Manager -
Major Accounts



Questions?

During the webinar if you have any questions, please feel free to...

- 🗨 Zoom Chat: Enter questions via the “Chat” feature in the Zoom meeting

SIG | Alera Group: HR Technology Services & Support

- ▶ Access to Benefit Technology Resources (BTR): HR Technology Consulting
- ▶ Outsourced Benefits Administration
- ▶ ACA Reporting services and support
- ▶ Access to Alera Group's National Partnerships with HR Tech vendors (e.g., ADP): includes escalated support for benefits administration (and other modules) and discounts on service fees (e.g., EDI set-up costs waived, etc.).



HR Technology Consulting

How We Work

A technology expert will be by your side to walk you through our consulting processes every step of the way. Each client is unique, and we will customize your engagement to fit your organization's needs. We offer a variety of services to support your goals.

| Technology Analysis Services Our experienced team can review your current HR technology pricing and utilization | RFI and RFP Services Optimize your time and resources by letting us manage your RFI and RFP projects | Vendor Assistance Services Escalate and address issues on your behalf with a current vendor |
|---|--|---|
| Identify inefficiencies and gaps within your existing tech | Draft, manage, and overseas the RFI or RFP selection process for a new vendor | Attend calls with your current tech vendor as an independent third party |
| Audit pricing to confirm you are receiving a market competitive rate | Create customized pricing and vendor comparison documentation | Leverage our vendor escalation contacts to expedite resolution |
| Offer recommendations to help you make the most of your vendor relationship | Review your chosen vendor's contract and provide best practice recommendations | Support implementation by acting as a project manager on your behalf |



HR Trends: Using Benchmarking & People Analytics to Support a Data-Driven Approach to Talent Management

Key Concepts



Data

- ▶ The raw numbers collected.



Metrics

- ▶ Focus on counting, tracking, and presenting past data.



Analytics

- ▶ Use statistics to identify patterns and predict future performance.



Actionable
Information

- ▶ The goal.



Paradigm Shift: Using People Analytics to Solve the Business Challenge

- ▶ HR is being asked to become more consultative in their approach to solving business challenges
- ▶ This approach can improve the credibility of the HR function by demonstrating the linkage between people and business outcomes. *Be aware: other departments are using the same to build a competitive advantage.*

▶ Define the Business Challenge

- What are you trying to solve for?

▶ Example that we will reference throughout the presentation:

- Terry is an HR Director for a 500-person manufacturing company and a **few vocal managers have expressed that turnover is running extraordinarily high.**

Turnover

From: R&D Manager

To: Terry

Hi Terry,

Good morning – our department, Anita and I, have been experiencing a high level of turnover. Can you evaluate and let us know next steps?

Thank you,

- What is the initial analysis?

Case Study Introduction

Initial Analysis: Metrics Focus

| Manufacturing Company Turnover 2020 | | | | | |
|-------------------------------------|--------|--------|--------|--------|--------------|
| Metrics | Q1 | Q2 | Q3 | Q4 | 2020 Average |
| Separations | 67 | 69 | 71 | 71 | 69.5 |
| Average Headcount | 520 | 515 | 510 | 511 | |
| Turnover Rate | 12.88% | 13.40% | 12.92% | 13.89% | |
| Annual Change | | | | 1.01% | |

Note: The number of employees varies due to ongoing replacements.

How to Solve the Business Challenge?

- ▶ HR becoming the business partner
 - Discussions with departments and/or managers that are experiencing a business challenge or opportunity. Gain insights into the business operations and critical factors for success.



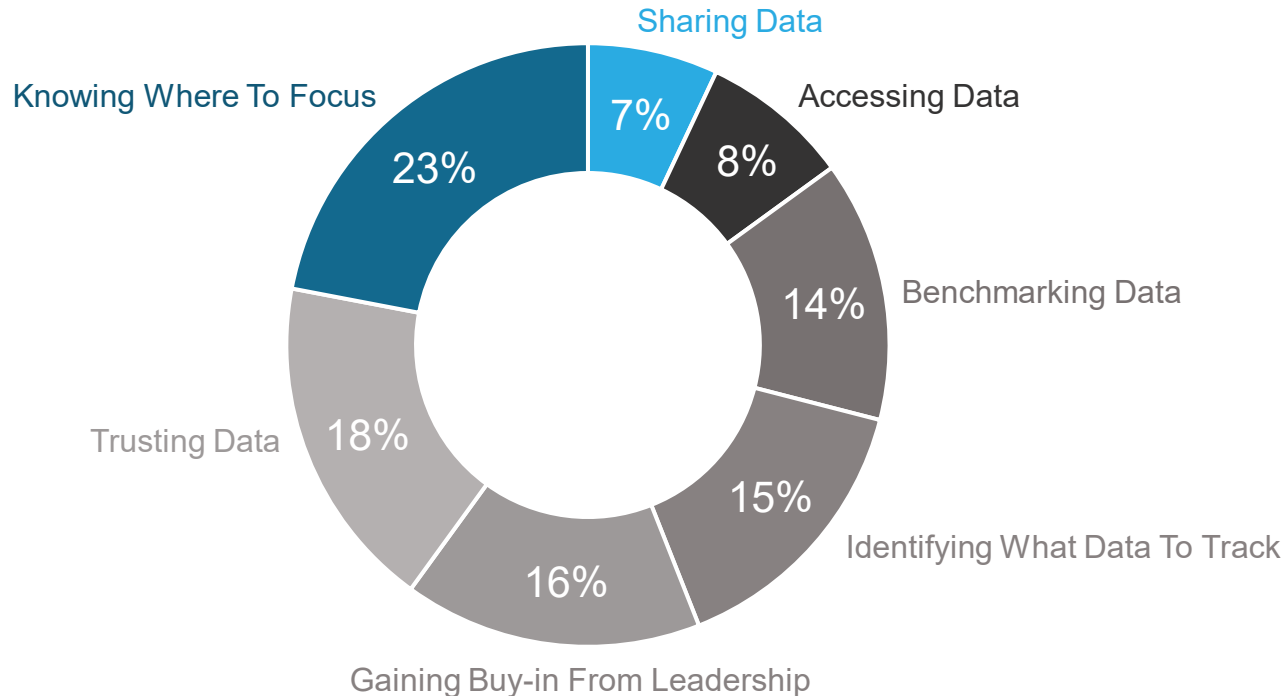
- ▶ Did I make the correct analysis?
 - In Terry's case, no. The next day Terry is called into a meeting with their boss and the managers that had raised the business issue, **high turnover**
 - In this specific case, the managers are **experiencing high turnover in their department, and the turnover is coming from high performers (people who design prototypes for future products)**



Return to the Sample Case Study...

Business Priority to Gain Value from People Analytics

What is the biggest **CHALLENGE** to driving value from people analytics in your organization?



“The Devil is in
the Details...”

R&D Product Development Turnover 2020

| Metrics | Q1 | Q2 | Q3 | Q4 | 2020 Average |
|----------------------|--------|--------|--------|--------|-----------------|
| Separations | 10 | 10 | 13 | 13 | 11.5 |
| Average Headcount | 78 | 77.25 | 76.5 | 76.65 | |
| Turnover Rate | 12.82% | 12.94% | 16.99% | 16.96% | |
| Annual Change | | | | 4.14% | |
| Vs. Company- Wide | | | | 22.1% | |

Note: The number of employees varies due to ongoing replacements.

Key Concepts: HR Analytics Maturity

Deloitte model for HR Analytics Maturity:

- Four levels of complexity of the data analytics the company uses to solve problems:
 - *Level 1: Operational* – using metrics to explain what happened in the past
 - *Level 2: Advanced Reporting* – proactive, routine or even automated (frequency is the key difference).
 - *Level 3: Strategic Analytics* – Looking for relationships between variables and outcomes.
 - *Level 4: Predictive analytics* – Gathering and using data to predict what will happen in the future and plan for it.

“Deloitte found that 56% of organizations are operating at Level 1 and 30% at Level 2”

“By the end of 2023, one-half of all organizations will realize they lack effective people analytics and will have invested in a new technological approach that better predicts and guides actions and improves outcomes.”

Steve Goldberg

VP & Research Director, Human Capital Management
Ventana Research

**People Analytics:
The opportunity for
realizing the
workforce potential**

Step 1: Transition from Transactional to Consultative

- ▶ Assess yourself – what are your strengths when it comes to:
 - Working with people
 - Understanding the business
 - And the Data



Step 2: Evaluate Your Data (e.g., sources)

| Data Collector | Data Sets |
|------------------------------------|---|
| Talent Acquisition Manager | <ul style="list-style-type: none">• Recruiting data (e.g. offer decline rationale codes) |
| Compensation & Benefits Specialist | <ul style="list-style-type: none">• Industry-wide salary ranges• Salary history of separated employees |
| HR Business Partner | <ul style="list-style-type: none">• Performance review scores• Exit interviews |
| People Engagement Specialist | <ul style="list-style-type: none">• Employee engagement survey scores |

Workforce data lacks timeliness and is scattered across HR related systems and without simplicity and sophistication to enable immediate guidance for business from analytics.



The Data Dilemma in Human Capital Management

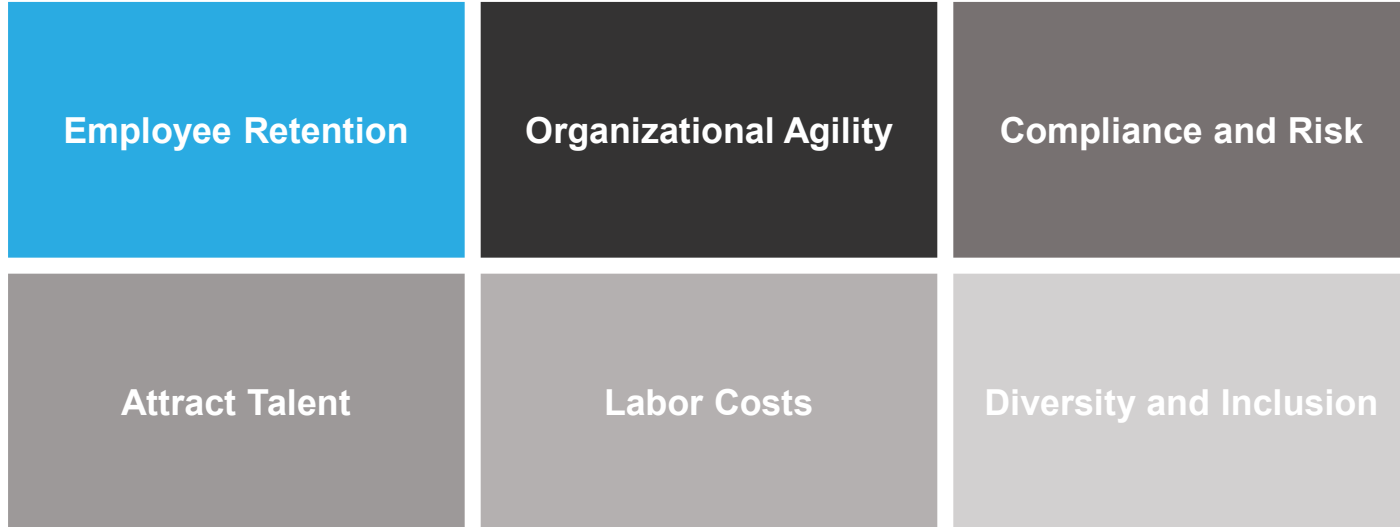


Step 3: Identify and Define the Metrics to be Analyzed

- ▶ Employees intending to leave
 - Employee Engagement
 - Performance Scores
 - Stay interviews
- ▶ Turnover and Reasons employees leave:
 - Compensation
 - Turnover Rate
 - Absenteeism
 - Promotion Rate
 - Performance Scores
 - Recruiting Data
 - Exit Interviews

Human Capital Management:

Addressing the Business Objectives Essential to Manage People



- ▶ Who has influence: Identify individuals and groups that can impact or be impacted by the outcome of the proposed solution:
 - Those impacted
 - Those who might be impacted
 - Gatekeepers
 - People with authority
- ▶ Assess level of interest



Step 4: Identify Your Stakeholders

A woman in a business meeting, wearing a dark blazer and a patterned blouse, is gesturing with her hands while speaking. The background is a blurred office setting. The entire image is overlaid with a semi-transparent blue filter.

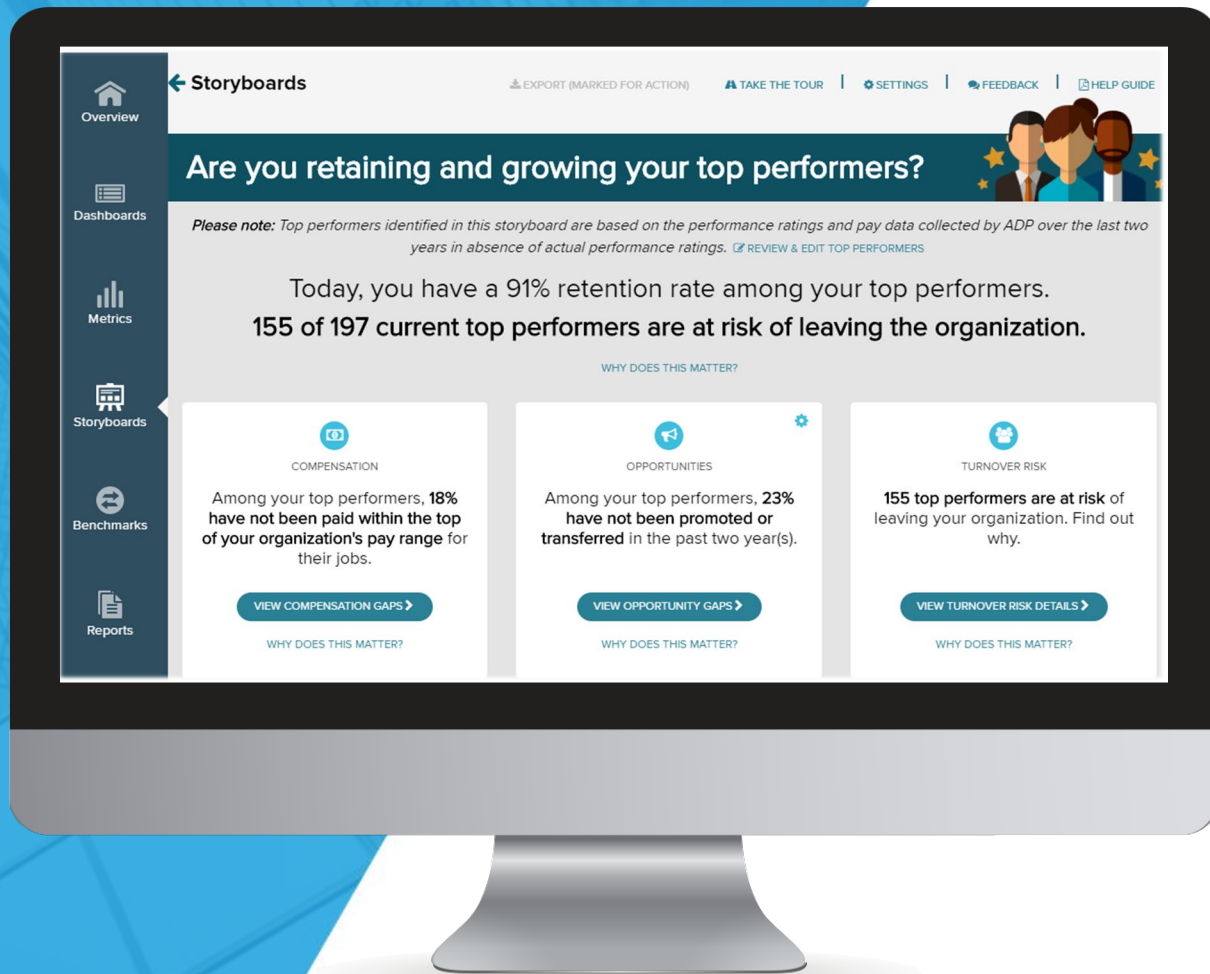
Step 5: Develop Your Hypothesis

- ▶ Initial conclusions from those closest to the situation (e.g., managers) may not always be accurate:

“Our high performers are leaving because they are being wooed away by companies that can pay more”

ADP DataCloud: Stories Catalyse Action

Finding Value from
Analytics Requires
Insights that are
Easily Understood



▶ How do I go about proving out the existing hypothesis or identifying the correct hypothesis using HR Analytics?

- Be objective and evidence based
- Numbers often don't tell the whole story
- Internal and external factors

- Larger Organizations

- Identify key team members that have access and/or sources of data
 - Talent Acquisition Manager
 - Compensation & Benefits Specialists
 - HR Business Partner
 - People Engagement Specialist
 - Etc.

- Smaller Organizations

- May be qualitative based (e.g., conversations, interviews, etc.)



Evidence-Based Solutions

Step 6: Choose Your Statistical Test for Each Hypothesis

- ▶ “Turnover is due to compensation” and “high performers are leaving”
 - What variables needed to test the hypothesis?
 - Data Source
 - New data required or existing data



| Engagement Scores | R&D Average | Company Average |
|------------------------|-------------|-----------------|
| About Work Position | 77% | 80% |
| About Management | 63% | 69% |
| About the Organization | 85% | 86% |

Analysis of the Data: Testing the Hypothesis and Removing Biases



Analysis of the Data: Bad Data

Reasons Why a Candidate Declined an Offer

| Candidate | Reason for Rejection | Reason Code |
|-----------|--------------------------------|-------------|
| A | Dissatisfied with compensation | 1 |
| B | Dissatisfied with compensation | 5 |
| C | Personal reasons | 2 |

Analysis of the Data

| R&D Exit Data | | | | | |
|---------------------------------|----|----|----|----|------------|
| Reason for Leaving | Q1 | Q2 | Q3 | Q4 | 2020 Total |
| Pay is not Competitive | 1 | 1 | 3 | 3 | 8 |
| Few Developmental Opportunities | 1 | 2 | 3 | 2 | 8 |
| Moving of Relocation | 1 | 0 | 0 | 1 | 2 |
| Moving of Relocation | 0 | 1 | 0 | 1 | 2 |
| Total | 3 | 4 | 6 | 7 | 20 |

Step 7: Summarize Your Findings

- ▶ Summarize findings from each data source
- ▶ Look across datasets
- ▶ Redefine the problem
- ▶ Identify gaps and next steps



- ▶ Set the stage
- ▶ Get clear on your purposes
- ▶ Identify your key points and headlines
- ▶ Develop the story text
- ▶ Add data visualizations
- ▶ Package and disseminate the story to your stakeholders



Step 8: Tell Your Story

- ▶ Incremental improvement requires a Plan or Program to evaluate progress being made on the business challenge.
 - Establish Goals
 - Determine Roles and Responsibilities
 - Identify the stakeholders
 - Establish metrics
 - Agree to a timeline (e.g., frequency)
- ▶ Communicate the plan



Step 9: Develop & Communicate Your Plan

Step 10: Monitor your Plan & Results

▶ When monitoring objectives, target metrics should be:

- Consistent
- Accurate
- Reliable
- Efficient



Impact to the Bottom Line

Revenue
– Cogs

= \$ Gross margin
– Operating expense

= \$ Operating income
– Non-operating expense

= \$ Net income

A strong compensation and benefit strategy that will attract top talent can greatly impact revenue. An effective compensation and benefit strategy will draw in team players and keep them engaged and loyal. These key employees will provide more innovation and better sales and customer service to drive the company toward its goals.

Organizations with well-trained, happy, engaged employees can increase productivity and quality, thereby reducing cost of goods sold.

Technology to manage compensation and benefits as well as benchmarking salaries and benefit plans can help companies maximize the return they get on this large investment. Companies with a strong compensation and benefits strategy can expect lower turnover, reducing the need for recruiting, onboarding and training which helps control operating expenses.

Effective compensation and benefits strategies, strong culture, and employee development can improve employee engagement and lower the risk of costly litigation and other non-operating expenses.

ADP DataCloud:

Enabling Business Impact from People Analytics



Availability

**Data
Differentiates**



Usefulness

**Stories Catalyze
Action**



Relevance

**Business
Results
Personalized**



Complexity

**Sophistication
Simplified**

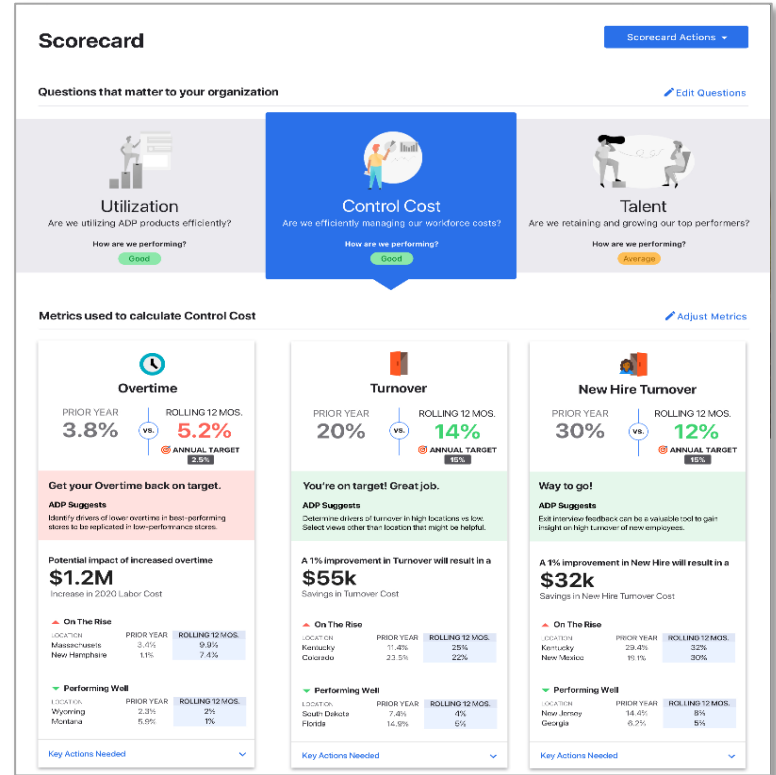
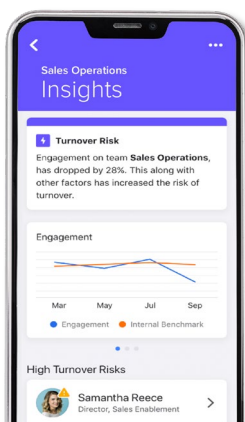
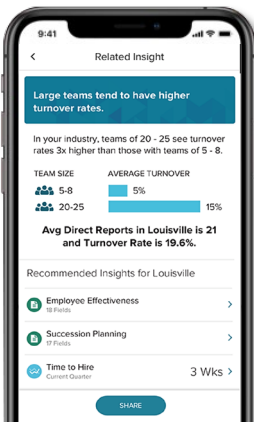
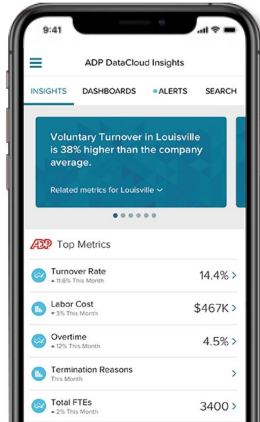
ADP DataCloud: Sophistication Simplified

Establishing the Technology and Value from People Analytics Should be Simple

69%

Organizations with 10,000 employees or more now have an entire team devoted to people analytics.¹

"This is why data is now more essential than ever in HR"; Fast Company, May 2019.





Appendix

Please also see attached PDF for Key Concepts and definitions.

ADP DataCloud: Stories Catalyse Action

Finding value from analytics requires insights that are easily understood

CANYON
RANCH[®]
HEALTH RESORT

Hospitality Industry
Spa w/ 2K employees across 5 locations

**20% Reduction in
New Hire Turnover**

CHALLENGE

Finding and retaining skilled talent is critical to the business but the company had a **new hire turnover problem**

ACTION

- The HR team investigated termination reasons
- With a candidate peer review, better sense of the job increased acceptance rates and retention
- Hiring team better able to evaluate cultural fit, decreasing new hire turnover
- Management having ability to track time-to-fill enabled the process change



Additional Questions?

John Tunney, *Alera*

John.Tunney@alera.com

410-769-7750



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