

# The Rise of People Management Analytics

Mario Faria and Ron Grey

*“Do the right thing. It will gratify some people and astonish the rest.”*

Mark Twain

## Background and Context

“Big data” and advanced analytics are at the core of a revolution transforming diverse business sectors ranging from finance to technology, health care, sports and many more. Historically the primary domain of technical/analytical specialists and “data geeks”, this topic has ascended rapidly to the strategic business agendas of many C-Suites. This revolution is driving major investments and transforming processes, programs and culture that are changing forever how companies compete in their marketplaces.

The MIT Sloan Sports Analytics Conference illustrates the pace and magnitude of the big data revolution in the sports industry. When first launched in 2007, this conference was little more than a curiosity attended by 175 participants, largely students. This year’s conference in February, 2015 was attended by over 3,100 people, representing hundreds of teams, leagues and sports organizations as well as students, faculty and leading researchers from over 200 academic institutions around the world.

Compared to the widespread application of advanced analytics in Marketing, Sales, Finance, Operations and other functions, utilization for managing talent has been surprisingly much more limited. In recent years, however, this has begun to shift as more and more companies get serious about making data a cornerstone of their people management strategies, processes and programs.

The principal key driver behind this shift has become increasingly clear: direct bottom line **business impact**. Early adopters and leaders of data driven talent management approaches, including Amazon, Facebook, General Electric, Google, IBM, Klick Health, Netflix, Royal Bank of Canada (RBC), TD Bank and others, have systematically **quantified** the tangible and significant impacts of superior talent management, i.e., attracting, retaining, motivating and developing people, on bottom line business performance and competitive advantage.

Instrumental to the big data success stories have been the leadership, passion and drive of executives for using advanced analytics in building high trust cultures, great workplaces and engaged workforces. These organizations build and sustain relationships that are unsurpassed in levels of trust between management and employees, employees and their colleagues, and employees and their jobs and companies.

Great Place to Work® (GPTW) measures trust in the workplace through a standardized Trust Index® employee survey administered annually in over 7,200 organizations in 52 countries representing the voices of over 11 million employees. GPTW’s research clearly demonstrates and maps how trust in the workplace influences bottom line business success and a wide array

of key performance indicators (KPIs), including revenue growth and profitability, stock market ROI, sales performance, productivity, customer service, employee turnover, and many more.

## **A New Era**

Welcome to the new era of big data and advanced analytics for people management where HR leaders are advancing increasingly sophisticated data driven initiatives, processes and programs to build high trust cultures that impact desired business results.

In the way of definition, advanced analytics for people management speaks to how organizations transform their data assets into competitive business insights that ultimately inform and drive more effective talent management decisions and actions and stronger business outcomes. Advanced analytical processes and programs are being designed and deployed today for workforce planning, recruiting, compensation, performance management, employee engagement, talent assessment, learning and development, and succession. While none of these activities are, of course, new all are becoming increasingly data driven.

How employees perceive and experience their workplaces and cultures clearly influences business performance, according to numerous empirical research studies conducted by GPTW, including our most recent study entitled *The Impact of High Trust Cultures on Key Performance Indicators*, published In November, 2014.

Our research studies have shown that companies embracing advanced analytics for people management are achieving:

- Increased workforce productivity
- Stronger customer service and retention
- Greater brand loyalty
- More innovative product/service development and faster introduction to market
- Lower risks
- Lower employee turnover
- Stronger financial performance
- Greater stock market returns and resilience

## **Organizational Maturity**

A question often raised by client organizations is how sophisticated or mature does our organization need to be to utilize advanced analytics for people management? Will our organization mature by applying these approaches, or is it the other way around? While a certain “threshold” level of conceptual and technical/analytical skills are required to use advanced data analytics effectively, our experience is that organizational maturity in this endeavor is “bi-directional”. Greater experience and wider range of its use will accelerate maturity on the one hand, while acquisition and development of stronger technical/analytical competencies will also accelerate organizational maturity.

Your company doesn't need to be a Silicon Valley giant to deploy and reap the benefits of people management advanced analytics. Our experience is that companies of all sizes, industries and stages of development can and are making a difference in this endeavor. Perhaps most important in differentiating the early adopters and most successful from the rest

are the leadership and commitment of HR executives who are striving to strategically impact core business success as opposed to strictly deliver functional/technical excellence. Those HR leaders striving to achieve new realities, change the status quo and elevate the contributions of their initiatives to business outcomes are those making the fastest and strongest inroads into utilizing and benefiting from people management advanced analytics.

## Where to Start

Outlined below is a roadmap for building a supportive culture and processes for applying and leveraging people management advanced analytics:

- Identify your organization's most serious business "pains" and ensure these align with your leadership team's perceptions
- Create one or two pilot initiatives to empirically test hypotheses that quantify how talent management does or does not correlate with your identified business pains
- Take actions based on your findings and measure the impact of your changes on reducing the organizational pains and improving business results
- If the pilot results are positive, expand to a larger scale. If they're not, apply the insights gained to re-conceptualize and test new hypotheses
- Keep your leadership team well informed and engaged along the way to ensure ongoing understanding, support and buy-in
- Create and share a long-term vision for people management advanced analytics in your organization, including short, medium and long-term deliverables. These should be focused initially on the most critical business pains and ultimately on achieving ongoing strategic business objectives
- Assemble the strongest multi-disciplinary team possible to help formulate and implement the vision and component projects and initiatives
- Establish KPIs to track progress and contributions of your people management advanced analytics program

## A New Emerging Profession

A review of job postings, recruitment sites and focused discussions with executives points to the emergence of a new breed of professionals whose core roles are to create, implement and sustain people management advanced analytics programs. Private industry is building stronger links with academia and creating cross-industry consortiums and programs. These are aimed at identifying the brightest academic minds available in mathematics, statistics, physics, etc. and immersing them in private sector roles to leverage unsurpassed quantitative competencies for meeting critical business needs and opportunities.

Key roles and responsibilities for these new "quantitative" partners in people management should include:

- Creating an advanced analytics vision and strategy
- Defining, prioritizing and implementing those advanced analytics programs and projects that will impact their organization most
- Engaging, informing and working closely with all key business stakeholders including the leadership team and functional executives in HR, Sales, Marketing, Operations, Finance, etc.

- Designing, developing and maintaining data dashboards for tracking progress, keeping leaders continuously informed, and flagging changing needs and priorities
- Managing schedules, budget, client service and quality of deliverables for greatest cost effectiveness and business impact

While technical/analytical tools and technology are critical requirements, these alone are not sufficient for driving successful advanced analytical systems for people management. These need to be integrated within an overall holistic strategic vision while not losing sight of the underlying processes, people and results to be impacted by the changes required.

### **Take Away Points**

So, what can we take away about the state-of-the-art today in advanced analytics for people management?

- Advanced analytics initiatives are happening, and with increasing frequency, in all disciplines of people management, ranging from small pilot projects to enterprise wide organizational transformation
- These initiatives are helping to drive greater revenues, lower costs and deliver greater value to customers, shareholders and other key stakeholders
- Big data and advanced analytics are fundamentally changing how companies go to market and compete
- Successful advanced analytics for people management are not technical/analytical activities per se but rather also business initiatives
- A new breed of professionals is being recruited and developed to help enable this new strategic thrust

The time to profit from people management advanced analytics is now; so, begin by developing a business case and starting strategic framework, and initiating one or more pilot projects. Be bold yet focused in using your second most important asset, data, to more effectively manage your most important asset, people. Stronger and more sustained overall business performance will follow.

**Mario Faria, Chief Data/Analytics/Digital Officer, CDO Inc.**

According to MIT, Mario is of the first Chief Data Officers in the world. He has 5 years of experience as a CDO, creating and managing data organizations around the world at ServiceSource and Equifax-Boa Vista, making data a strategic asset and sponsoring a data driven culture change.

Mario has worked for IBM, Accenture and Microsoft, leading projects related to Analytics, Digital Marketing, Business Transformation, CRM, Supply Chain and Management Consulting. As the head of CDO, Inc. his role is to advise companies on how to cross the data & analytics chasm.

**Ron Grey, Ph.D., Senior Vice President, Great Place to Work® Institute**

Ron is an organizational psychologist who provides clients with consulting and advanced analytical services to help them get greatest value from GPTW's workplace assessment and transformation services.

Prior to joining Great Place to Work®, Ron led global and national practices in strategy and organization, employee research, leadership development and talent management for multinational consulting and survey research firms. He has extensive experience working with clients across a broad spectrum of industries/sectors to assess and build organizational cultures and great workplaces that achieve superior business results.