Turn Your People Data Into Actionable Insights

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A little about me:

- Part of the Strategic Advisory Services and Business Transformation Practices teams within National Accounts at ADP – Focused on advisory and leading practices

- Managed finance research program at previous organization, including benchmarks and leading practices for the finance function

- Past speaker at the Association for Financial Professionals (AFP)

- Published in *CFO Magazine – In Pursuit of Better Analytics*

- Started career in finance, working for a large commercial bank in Texas

- MBA in finance and Ph.D. in HRD
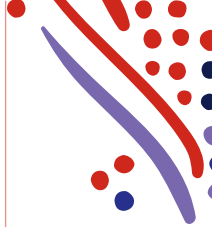
Expertise To Help You Design Your HCM Strategy

Change management and communications
Diversity, equity, and inclusion strategy
Mergers and acquisitions
People analytics strategy
Talent strategy
Total rewards strategy
Non-billable services

Strategic Advisory Services

Leading Practices

Client Engagements
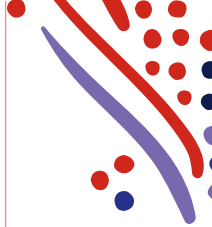
Advice

Insights

ADP

Disclaimer

Before taking any actions on the information contained in this presentation, employers should review this material with internal and/or external legal counsel.

This presentation is NOT:

- Legal advice
- The final word on today's topics
- A political opinion

Agenda/Learning Objectives

Agenda:

- Stage setting

- Use cases

- ADP People Analytics Maturity Model (PAMM)

- Advanced people analytics examples

- Building people analytics capability

- Q&A

Learning objectives:

1. Define people analytics and understand use cases

2. Review ADP's PAMM and examples of analytics at each level

3. Review a methodology and steps for transforming your people data into actionable insights

4. Provide examples and leading practices

5. Suggest actionable take-aways

6. Learn from one another

Stage Setting
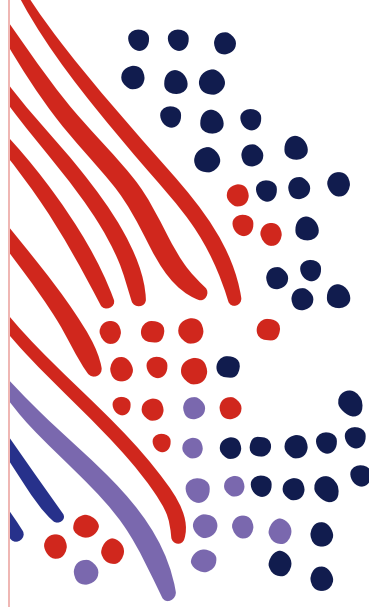
What Is "People Analytics"?

- **Related terms**: W*orkforce analytics*, *HR analytics*, *HR data analytics* and *talent analytics*
- The process of **analyzing employee data** to **address critical business questions**
- **Help to achieve organizational goals**, such as:
  - Reducing turnover
  - Optimizing labor costs
  - Driving DEI
  - Increase pay equity
  - Improving talent acquisition
  - Increasing employee engagement

3. Daniel, Brett/ADP SPARK, What is People Analytics, 2022

Food for Thought

- People are your most valuable (and expensive) organizational asset

- Unwanted turnover is expensive

- Studies have shown correlations between:

  o Employee satisfaction and customer satisfaction

  o Employee engagement and organizational profitability

  o Diversity, Equity and Inclusion (DEI) and innovation

"It's clear that you need analytics for your financials and sales, and nobody questions whether those are important. But your people run your business. They're your core engine. Why shouldn't you have analytics about what they're doing, how they're feeling and what's happening with them day to day?"[3]
—Amin Venjara, General Manager, Data Solutions, ADP

3. Daniel, Brett/ADP SPARK, What is People Analytics, 2022

Benefits of People Analytics
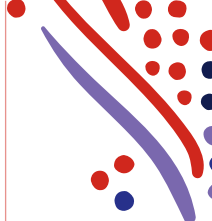
Benefits:[4]

Across the employee lifecycle:
- Improving recruitment/talent acquisition
- Managing employee performance and productivity
- Building equitable compensation and benefits packages
- Enabling effective workforce planning
- Facilitating skills gap analysis
- Bosting learning and development, upskilling and reskilling
- Preventing turnover
- Improving candidate and employee experience

- Supporting internal mobility
- Preventing workplace misconduct
- Improving workplace safety
- Supporting diversity, inclusion and belonging goals

Overarching:
- Identifying efficiencies
- Saving money
- Uncovering trends
- Allowing organizations to be proactive
- Adding value to the business
- Facilitating evidence-based HR

1.9X

Companies with high-maturity people analytics have a **higher 3-year average gross margin/profit** than those with lower maturity[5]
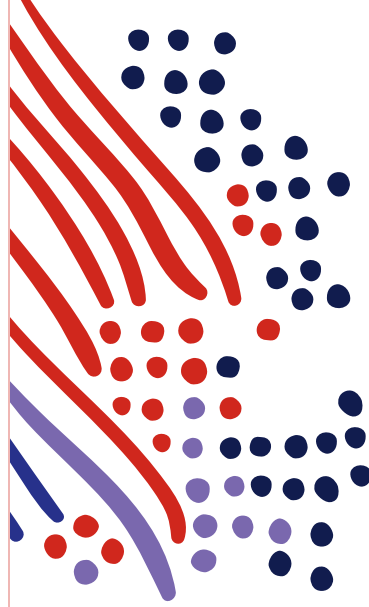
4. AIHR, People Analytics: An Essential Guide for HR, n.d.

5. Deloitte, High-Impact People Analytics, 2020

Audience Quick Poll #1

What is your level of familiarity with people analytics?

A. Beginner/Not very familiar
B. Moderate/Somewhat familiar
C. Advanced/Very familiar

People Analytics Use Cases

# People Analytics Use Cases

- Reduce turnover/Increase retention

- Manage cost of labor/Optimize staffing/Rationalize overtime

- Understand workforce demographics/Improve DEI

- Understand pay equity/Reduce gaps

- Increase recruiting effectiveness

- Increase employee engagement
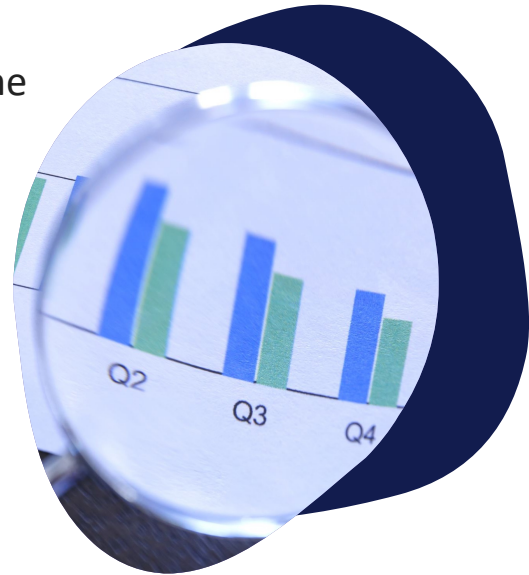
Sample People Analytics Use Cases: Turnover
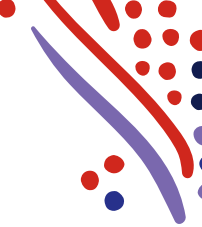
**Reduce turnover/
Increase Retention**
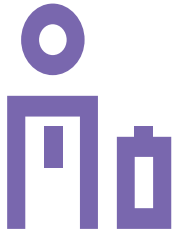
- Examine voluntary versus involuntary
- Turnover by location, department, job type, manager
- Turnover by tenure and new hire turnover
- Top-performer turnover
- Turnover by reason type
- Flight risk predictions
- Cost of turnover
- Retention rates
- Absence rates

For more information on this topic, see ADP SPARK How People Analytics Can Help Reduce Turnover

Calculating the Cost of Turnover
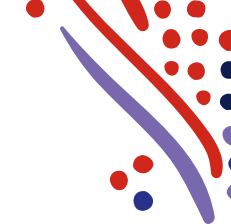
Employee turnover can be expensive:

- Direct exit costs when an employee leaves:
  - Payouts for accrued vacation time and unused sick time
  - Contributions to healthcare coverage, unemployment taxes, and severance pay
- Cost to recruit and train new hires
- Opportunity cost

Turnover can impact your organization in other ways:

- Decreased productivity of coworkers
- Knowledge loss
- Lowered morale of the team

Cost of turnover = (Severance pay + Recruitment costs + Training costs + Cost of productivity loss) * Number of employees lost

Sample People Analytics Use Cases: Labor Costs

**Examine/
Control Labor Costs**

- Examine costs by location, department, job
- Compare actual versus budget and trends
- Examine revenue against labor costs
- Calculate revenue per employee
- Examine scheduling, overtime and premium time
- Benchmark compensation rates
- Understand benefits costs and utilization

For more information on this topic, see ADP SPARK How People Analytics Can Save You Money

Sample People Analytics Use Cases: DEI

Improve Diversity, Equity, and Inclusion (DEI)

- Review overall organizational demographics and trends (example, race/ethnicity, gender, age, veteran, disability, LGBTQ+)

- Examine diversity by department, location, job

- Evaluate diversity at leadership levels, gaps and trends

- Examine diversity in recruiting, retention, promotions and turnover

- Benchmark diversity levels against other organizations

For more information on this topic, see ADP SPARK: How Peopole Analytics Can Help Improve Diversity and Inclusion

Sample People Analytics Use Cases: Pay Equity
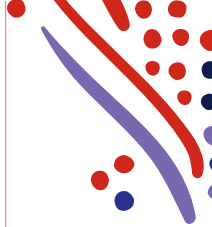
Understand Pay Equity/Reduce Gaps

33%

On average, 1 in 3 workers surveyed believe their pay is not fair[7]

- Compare pay based on jobs, location, gender, race, ethnicity and tenure

- Examine differentials to see where there may be pay equity concerns

- Understand estimated cost to close any gaps

- Develop and prioritize options for closing gaps

- Continuously review as part of overall compensation strategy

7. ADP Research Institute, Today at Work: What's the Truth About Pay, 2023

For more information on this topic, see ADP SPARK: How People Analytics Can Improve Pay Equity

Sample People Analytics Use Cases: Recruiting

Improve Recruiting Effectiveness

- Track and trend effectiveness metrics such as:
  - Percentage recruits by source of hire
  - Application completion rate
  - Submittal to interview rate
  - Interview to offer rate
  - Offer acceptance and decline rates
  - New hire turnover
- Track and trend efficiency metrics such as:
  - Time to apply
  - Time to fill
  - Average cycle time between offer and acceptance
- Look at by role, department, recruiter/team, location and hiring manager
- Examine cost per hire by role and source
- Examine diversity recruiting

For more information on this topic. see ADP SPARK: How People Analytics Can Improve Recruiting

Sample People Analytics Use Cases: Employee Engagement
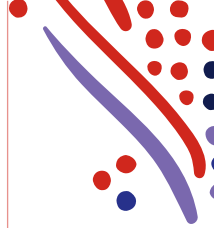
Increase Employee Engagement

9 in 10

Workers say they are satisfied with their jobs, but almost 1 in 4 workers don't feel secure in their jobs[8]

- Regularly gather Voice of the Employee survey information and trend that data
- Analyze employee satisfaction, engagement, and loyalty
- Administer new hire surveys
- Respond to survey information with proactive programs and communications
- Understand how employees feel about benefits, compensation, and overall organizational culture and benchmark this against the competition
- Conduct "stay" and exit interviews and examine for themes and trends
- Respond to stay and exit interview feedback by adjusting processes as needed

8. ADP Research Institute, People at Work, 2023: A Global Workforce View, 2023

People Analytics Maturity Model (PAMM) and Examples
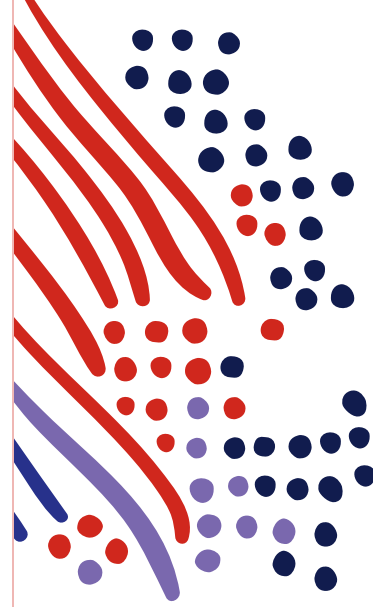
People Analytics Maturity Model (PAMM)

Where does your organization stand?
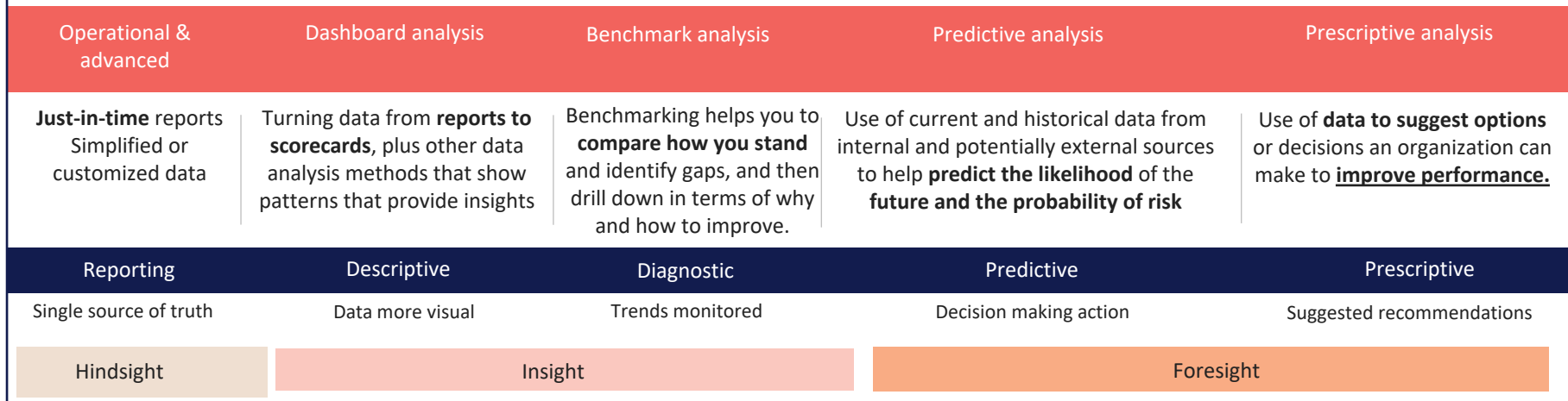
What should we do?

What is likely to happen without change?

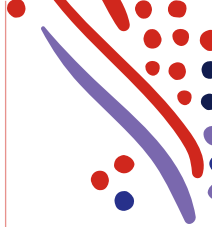**How do I compare to other organizations?**

What is happening now?

What happened?

Complexity

Operational & advanced	Dashboard analysis	Benchmark analysis	Predictive analysis	Prescriptive analysis
Just-in-time reports Simplified or customized data	Turning data from **reports to scorecards**, plus other data analysis methods that show patterns that provide insights	Benchmarking helps you to **compare how you stand** and identify gaps, and then drill down in terms of why and how to improve.	Use of current and historical data from internal and potentially external sources to help **predict the likelihood** of the **future and the probability of risk**	Use of **data to suggest options** or decisions an organization can make to **improve performance.**
Reporting	Descriptive	Diagnostic	Predictive	Prescriptive
Single source of truth	Data more visual	Trends monitored	Decision making action	Suggested recommendations
Hindsight	Insight		Foresight	

Business Value

For more information on this topic, see ADP People Analytics Handbook

Audience Quick Poll #2

Where is your organization on the people analytics maturity curve?

A. Level 1/Reporting
B. Level 2/Descriptive
C. Level 3/Diagnostic
D. Level 4/Predictive
E. Level 5/Prescriptive
F. Don't know/Not sure

Predictive – Example: Turnover Probability
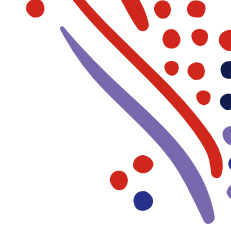
Foresight/What is likely to happen without change?

Factors That Contribute to Turnover

- Annual compensation

- Tenure

- Commute

- Pay increases

- Time since last promotion

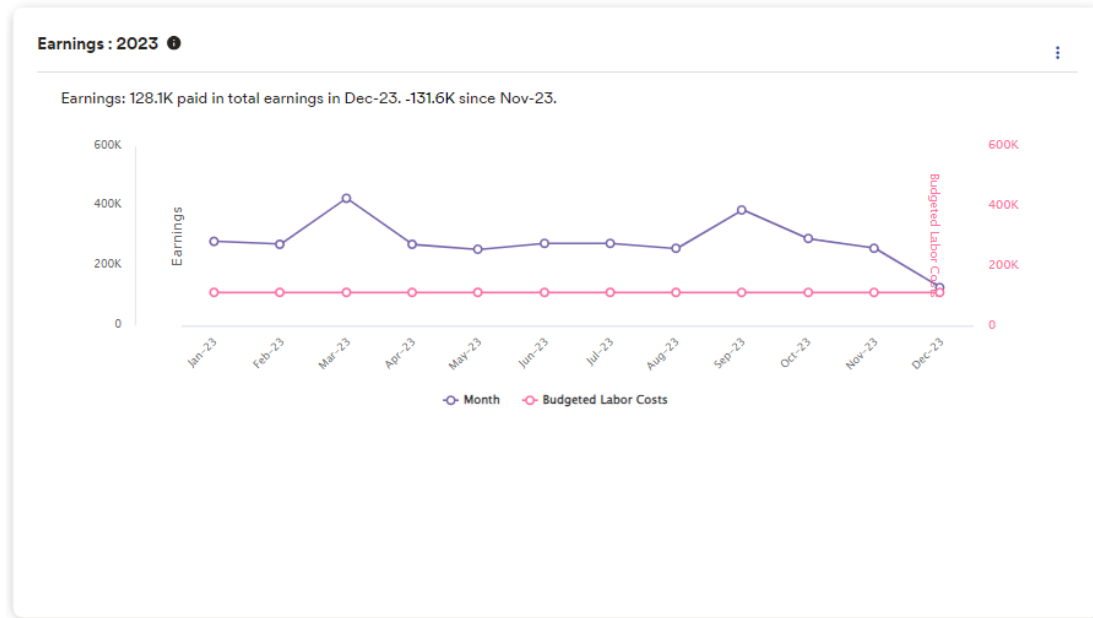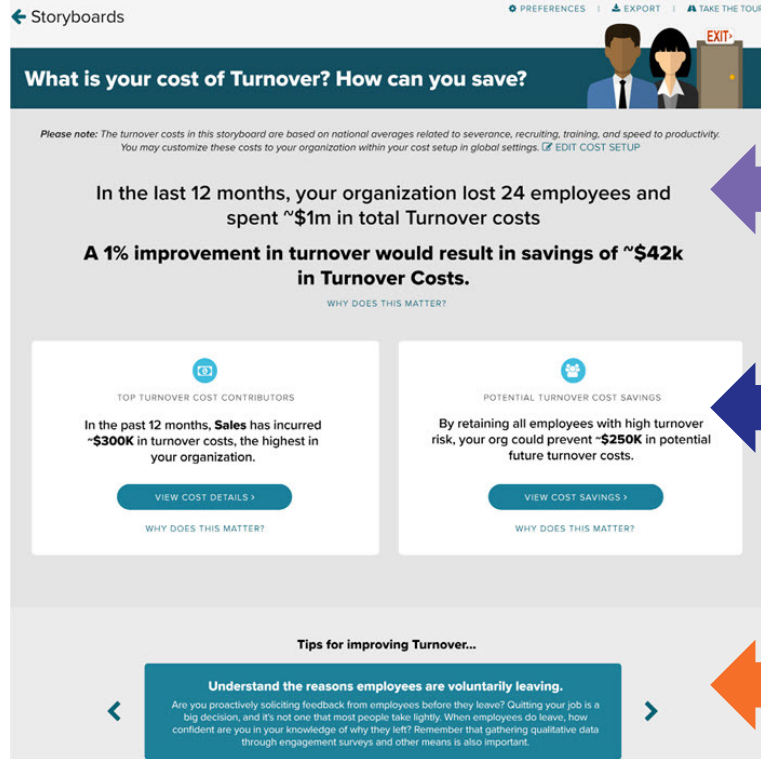# Combining People Data and Operational Data

Prescriptive: Cost of Turnover and What To Do About It

Foresight/What should we do?

Example: Employee Sentiment Analytics

Change in topic prevalence over time[1]

More prevalence (April 1, 2020) — More prevalence (May 27, 2020)
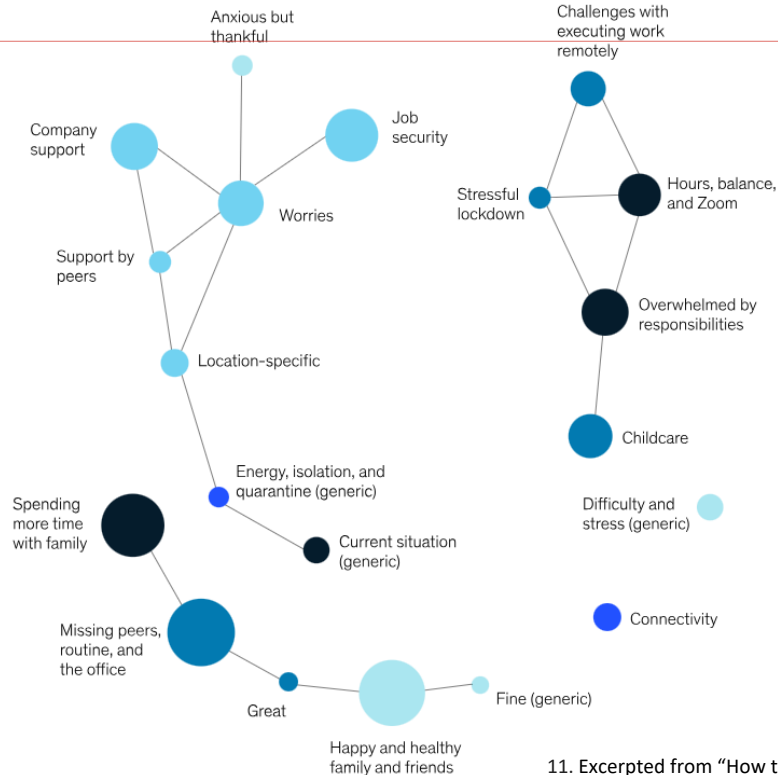
- Large global organization created a home-grown weekly pulse survey to track opinions and feelings of employees globally during Covid

- Identified/Quantified topics in free-text comments

- Developed self-service reporting tool for leaders

- Allowed the organization to understand ways to support employees in a challenging time and fully remote work environment

Example: Transforming Sales

- Large global software company

- Desired to increase effectiveness of the sales organization

- Collected data on employee engagement and sales attainment

- Analyzed data to determine the strongest relationships

- Found that the responses to 5 survey questions predicted sales attainment

- Resulted in increased sales engagement, increased sales productivity, and decreased voluntary attrition

5. Deloitte, High-Impact People Analytics, 2020

Building Analytics Capability
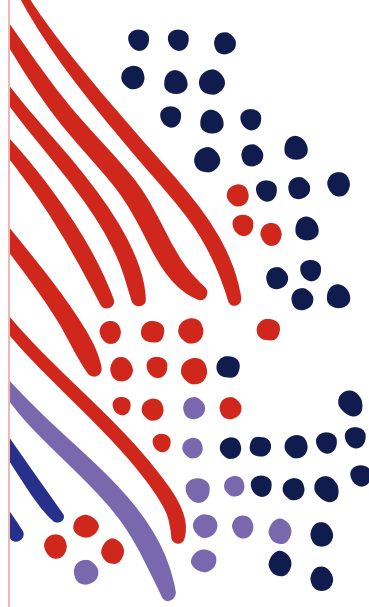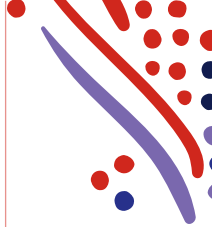
People Analytics Enablers

- Senior leadership support

- Data-driven culture and trust

- Data analytics skills and proficiency

- Data quality and governance

- Integrations

- Dedicated analytics roles, resources and training

- Automated analytics and/or reporting tool(s)

19%

Of survey respondents said their organization is **very ready to leverage worker data** to both the organization's and employees' benefit[12]

12. Deloitte, Global Human Capital Trends, 2023

Audience Quick Poll #3

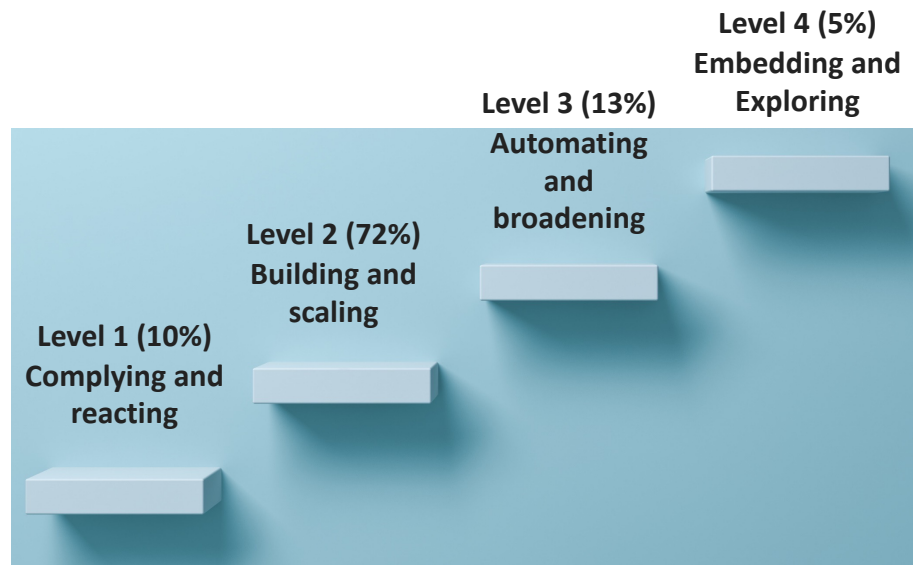What is the biggest barrier to effective people analytics at your organization

A. Lack of senior leadership support
B. Insufficient skills to conduct
C. Lack of automated tools
D. Poor data quality
E. Other

Characteristics of High Performers

Key people analytics practices of high-performing organizations:

1. Foster a data-driven culture
2. Build data proficiency
3. Team up actively with customers
4. Use broader approaches
5. Focus on the future
6. Build trust and transparency
7. Accelerate through technology

Level 1 (10%) Complying and reacting

Level 2 (72%) Building and scaling

Level 3 (13%) Automating and broadening

Level 4 (5%) Embedding and Exploring

5. Deloitte, High-Impact People Analytics, 2020

People Analytics Cautions

- Data privacy and ethics

- Bias introduced via AI tools

- Poor quality data/"Garbage In Garbage Out (GIGO)"

- Ignoring human intuition/reason

Intuition + Data = Insights
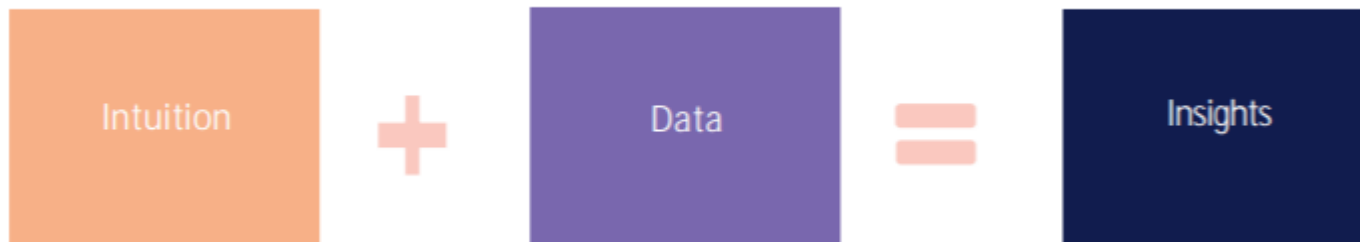
Programmatic Approach to Decision Making Using Data

ASSESS

- **Identify** business challenges and objectives
- **Investigate** the data you need to support your specific challenge or objective

- What are the biggest concerns facing your business?
- What do you think is causing your challenge?
- What visibility do you have into the challenge?
- What are your people managers and leaders saying about the challenge?
- How many systems do you have for your data?

PLAN

- Build a **task force**
- **Brainstorm** ideas
- **Prioritize**

- Who can support the changes necessary and help build the plan?
- Do you have representation from each area affected by the challenge?
- How significant is the impact on the organization?
- How will this help you meet your goals?
- What will provide the most value?
- Is this the best use of your time?

ACT

- Determine **next steps**

- Obtain executive buy-in
- Develop change management and communications strategies
- Creating a list of to-dos
- Talk through tasks and responsibilities

MEASURE

- Select Key Performance Indicators **(KPIs)**

- What metrics should be used to track progress?
- Does everyone understand the metrics?
- Are the KPIs aligned with other business priorities?
- How often should progress be checked and communicated?

Role of Finance Executives in People Analytics

- Serve as an executive sponsor of the effort

- Help facilitate data governance

- Coordinate with HR on key people analytics

- Ensure professional development avenues available to those involved in data analytics for upskilling

- Ensure HR has the automated tools and resources they need to obtain the analytics they need

Finance + HR

Wrap-up

1. Capitalizing on your people data is a "must" in today's work environment

2. Start where you are in the maturity curve, and leverage the power of technology to help your organization mature

3. Finance is an important catalyst and partner with HR in this effort

Q&A

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