Set Your Direction

“Understand the sort of people who are successful in the company and what sort of returns a business is getting from its workforce. These two points translate into fertile ground for analytics work.”

—Salvador Malo
Head of Global Workforce Analytics, Ericsson

When you are given responsibility for establishing workforce analytics in your organization, knowing where to begin can be difficult. This chapter presents a structured approach for getting started and covers the following:

- What to do in your first few weeks as the leader
- Understanding the demand your organization has for workforce analytics
- Creating a vision and mission statement
You Have the Job! Now What?

You are the executive or manager who has the role to lead, build, and grow the workforce analytics function in your company. Your objectives are to build the team, take it to the next level, deliver more projects and improve business performance. It may even be to build this function from scratch. Anyone who has ever built, grown, and led successful analytics practices has heard these expectations, as have executives who have recruited people to undertake these missions.

Here’s what you should do next:

- **Pause.** Before you do anything else, stop and look at what you already have. What data do you have, what technology do you have, and under what processes are you operating? If you have a team, what are the team members doing, what tools do they have, and what is their reputation? And what are your goals? In particular, consider that last point. Ask yourself, “Why have I been given this job?” If you don’t know explicitly, talk to the most senior person who gave you the role. Establishing why human resources (HR) needs an analytics function is your first objective. Without this clarity, projects you undertake might solve immediate needs but struggle to address longer-term needs in an integrated and systematic way. In other words, without knowing why you exist, you are, at best, trying to stumble onto success and, at worst, moving in entirely the wrong direction.

- **Listen.** Don’t dive into the first project you encounter. Although getting some projects under your belt early on is important to establish credibility, don’t dive into the first project just because someone requests it. You need to listen to the people who gave you the job, as well as to potential project sponsors, to understand the demand for your work.

- **Think.** Take a few days or weeks to think through your long-term goal(s). Try to look into the future—the next six months, one year, or three years—and then discuss your proposed vision and mission for the function with influential people. This doesn’t need to be perfect in the early days, but knowing your ultimate destination helps you take the right steps today.

“You need to know why analytics is required in the first place, whether that’s because there’s ‘smoke in the buildings’ or because the scale of the enterprise means managing the workforce numerically is the only option.”

—Ian O’Keefe, Managing Director, Head of Global Workforce Analytics, JPMorgan Chase & Co.
PREPARING FOR SUCCESS:
THE FIRST FEW MONTHS

John Callery joined BNY Mellon in 2015 as part of a broader integrated Talent and Development organization. He was brought in to set up a workforce strategy function overseeing the global workforce analytics and planning groups as part of this team. John had three main objectives in his first three months:

1. **Creating a basic infrastructure:** “Before I joined, there were cottage industries in finance, technology, and business groups doing workforce analytics and planning work, and we identified a better approach to enable us to be successful. We focused on partnering with these teams to consolidate the work and build appropriate infrastructure, governance, and processes to drive a solid basis for reliable, accurate, and timely data and analytics.”

2. **Delivering “quick win” projects to gain credibility:** “One project was focused on our military veteran population. Our analysis helped us understand where our military veteran employees had better long-term outcomes when initially hired into certain roles. The executive sponsor of BNY Mellon’s Veterans Network (VETNET) was delighted, as we were able to better support our existing veteran population, quantify the successful business and people outcomes, and make a case for strategic hiring initiatives. This was important: a high visibility project with a very senior sponsor showing business benefits all delivered in a couple of weeks.”

3. **Selecting long-term strategic projects:** “We did a review of the demand for workforce analytics and, following that, selected a couple of big, strategically important projects. It was key to validate that some workforce analytics projects solve complex issues with long-term impact. We were also able to demonstrate that analytics is a serious discipline and can often take months to undertake impactful and scientifically valid analysis.”

Overall, John has built a solid foundation to support the continued transformation of HR’s approach to analytics. He credits a supportive and analytically driven CHRO. “I joined because of a shared vision of aligning workforce strategy with business strategy, and a shared belief that HR initiatives should be focused on and accountable to these strategies in a data-driven way.”

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1 BNY Mellon is the corporate brand of the Bank of New York Mellon Corporation. Its heritage dates back to 1784. As of December 31, 2016, BNY Mellon had $29.9 trillion in assets under custody and/or administration, and $1.6 trillion in assets under management (www.bnymellon.com).
Listening to Prospective Project Sponsors

In the first few days, and certainly before the end of the first month, you should seek out prospective project sponsors. A project sponsor is a person or group who provides support (through financial means or personal endorsements) for a workforce analytics project or activity.

Try using a snowball strategy to identify the project sponsors: Ask people what they think, listen carefully, and ask who else they recommend you talk to. By interviewing a broad set of influential leaders, you will be able to identify the source of your main base of support and possible projects for the workforce analytics function. This entire information-gathering process is also useful because it provides the “raw material” for a vision and mission, which are covered later in this chapter.

Your first interviews should be with people who have the most influence over your work and could sponsor your future analytics projects. Start with the most influential people to whom you are accountable and work your way back toward those with less influence over your work.

Recognizing that individuals have different levels of influence is important in working out where to cultivate relationships. Wide canvassing of views is important because a frequent question about analytics projects from practitioners who have achieved success is “Who is asking for this?” (to put it another way, “Who is the project sponsor?”). You need a well-developed and immediate response to this question.

The more conversations you have with prospective project sponsors early on, the more likely you will be able to separate good projects from really exceptional projects. These conversations will help ensure that you have the information needed to prioritize projects that have a clear line of sight from the business question to the impact on the business.

“I choose my projects carefully and make sure I understand them. You have to think it all the way through. Strong analysis is an accepted prerequisite, but you need to know what are you going to do with the results and how you will implement the recommendations. You need to think through the project all the way to the individual workers who will be impacted. If you don’t do this, you will find it difficult to demonstrate why your project will make a difference to the business and, therefore, it will be difficult to get funding.”

—Simon Svegaard
Business Analytics Manager, ISS Facilities Services
The Seven Forces of Demand

In interviewing people, including your prospective project sponsors, you will identify the drivers of demand in your own organization. Although the details will likely be unique, some common themes stand out. We refer to these themes as the Seven Forces of Demand (see Figure 7.1).²

![Figure 7.1 The Seven Forces of Demand.](image)

As organizations grapple with the challenge of data proliferation within dynamic and complex business environments, they are increasingly turning to analytical approaches to help inform decisions. In solving these challenges, organizations experience growing demand for and expectation from workforce analytics, summarized as follows:

- **Desire for a competitive edge.** For some organizations, the demand for workforce analytics comes from widespread acceptance that if workforce decisions are made empirically (that is, based on data), better results will follow. Antony Ebelle-ebanda, Global Director of HCM Insights, Analytics & Planning at S&P Global (formerly McGraw Hill Financial), says: “We see workforce analytics as a cutting-edge approach that enables the firm to select the individuals with the best intellect and shape the environments in which they work to maximize worker

² The Seven Forces of Demand is a copyright of the authors of this book: Nigel Guenole, Jonathan Ferrar and Sheri Feinzig.
productivity. Workforce analytics is viewed as one element of an over-
all analytical mind-set characterizing the firm. Every other function is
driven by analytics, and the job of HR is to catch up to the sophistica-
tion of these other areas.”

- **Requests coming top down.** Some demands for workforce analytics
  projects come directly from the top of the organization. Both Thomas
  Rasmussen, Vice President, HR Data & Analytics at Shell, and Peter
  Allen, Managing Director of Agoda Outside, shared experiences of top-
down demand. Thomas explains: “I was asked by the CHRO to create
an end-to-end value chain, from data to reporting to analytics. I was
asked to build capability in the HR function (up-skill our HR leaders to
work with fact-based decision making), understand the pros and cons
of letting this ‘animal’ loose in the organization.” Additionally, Peter
says, “I have seen the constant tension between HR and the business
where the issues HR focuses on and the linkages to business results are
very difficult to quantify, since often there are no quick, easy-to-prove
cause-and-effect relationships. Nevertheless, CEOs always want to see
the impact of their investment in money spent on talent and HR pro-
grams. This may not be in standard ROI terms, but since every head-
count represents a strategic choice, CEOs need to see the benefits to
their organization.”

- **Regulatory requirements.** Another trend observed is the increasing
interest that board members, especially those who work across mul-
tiple organizations, have in understanding talent in organizations. This
interest is spurred by developments such as discussions with regulatory
bodies about the value of certain human capital metrics during a com-
pany’s annual reporting (for example, attrition, employee engagement,
and salary ratios). This interest from the board creates a demand from
a firm’s top executives for robust analytics from the HR function. Other
examples of compliance-driven analytics include the need to conduct
analytics on diversity issues to adhere to affirmative action legislation
and the need to ensure adherence to business controls.

- **Need for operational efficiency.** The sheer size of the business some-
times drives the need for analytics. Ian O’Keefe, Managing Director,
Head of Global Workforce Analytics at JPMorgan Chase & Co. says
that the nature of business leaders’ understanding of the scope of a
workforce analytics function is often based on the scale of an enter-
prise. He said of some organizations in which he has worked, “There
can be hundreds of thousands of employees to keep track of, along with
the added complexity of seasonal swelling in employment numbers.”
In these situations, a workforce analytics function is necessary because
understanding the workforce numerically and influencing the business with analytics is the only effective option for managing it.

- **Pressure to reduce cost.** For some companies the nature of the mandate for a workforce analytics function can depend on whether or not there is “smoke in the building.” That is to say, sometimes when companies are not as profitable as they need to be there is a greater appetite for change. Leaders of the business will then ask the CHRO how HR could contribute to the profitability of the business or reduce the level of workforce cost. When this happens, those in the HR function, as well as the wider business environment, quickly see that analytical approaches to HR decision-making need to be included alongside more traditional HR practices.

- **Concerns of a humanistic nature.** Analytics in HR is not solely revenue or profit driven. Indeed, the development of analytics in HR is sometimes borne of the desire to create a better workplace for employees or a more socially responsible organization. For instance, in a 2004 article entitled “Beyond Money,” psychologists Ed Diener and Martin Seligman argued that organizational over-reliance on economic productivity indicators while excluding well-being indicators leads to a focus away from what society values.

A leading practitioner in analytics who shares this perspective is Laurie Bassi, an economist by training and CEO at McBassi & Company. Laurie describes her role as steering firms into the sweet spot at the intersection of profit and employee well-being. Laurie captured the spirit of this perspective with the vision of her workforce analytics firm: to create sustainably profitable, enlightened, and progressive workplaces. Bart Voorn, Lead for HR Analytics at Ahold Delhaize, supports this idea: “In some situations, we don’t want to quantify people in terms of euros. Sometimes it’s just not the right thing to do; we are talking about people. For example, the case on diversity is not a financial one. It’s morally a human one.”

- **HR analytics for the HR function.** An organization might decide to focus on improving the efficiency of HR as a function by implementing a workforce analytics program. Analytics projects in this situation are likely to be about the efficiency of HR processes or a need to change certain HR policies to better align with the organization’s overall mission. Embryonic workforce analytics teams are full of examples of this, especially those teams that are just “dipping their toe in the water.” In this case, you are trying to create demand for workforce analytics from inside HR and selling the benefits to the broader organization.
Part II  Getting Started

Patrick Coolen, Manager of HR Metrics and Analytics at ABN AMRO, describes his success in selling the benefits of HR analytics from the inside out by asking internal customers whether they want to know how HR is impacting their key performance metrics: “My internal customers were very interested to understand in a more formal way how HR policies and practices impacted people-related outcomes, which, in turn, related to business outcomes.” In many cases, Patrick created the demand for workforce analytics from inside HR and sold the benefits to the wider business.

UNDERSTAND YOUR CULTURE, UNDERSTAND YOUR DEMAND

Peter Allen has helped Agoda.com become one of the most valued online firms in the travel industry. From 2012 to 2016, as Vice President of People Organization and Development, he helped to solidify the people culture and its focus on analytics in Agoda.

Agoda’s organizational culture highly values analytical approaches to decision making, which Peter says supported this strong analytics orientation: “Our management team has an engineering approach to our work. They like data and information and take a methodical, problem-solving approach to the way the business is operated.

“They want to run a company that focuses on continuous improvement, and they want to see key performance indicators that show how well we’re doing in achieving this objective.”

To ensure that management similarly embraced workforce analytics, Peter used this existing strongly analytical organizational culture to make his department more effective. “We already have a strong focus on metrics from web traffic, for example, so it was not such a huge leap to bring that sort of mind-set to HR problems.”

Working for an analytically appreciative CEO means Peter knows what is expected of his team: “The CEO certainly wants to see that he’s getting a good return; otherwise, why wouldn’t he just invest his headcount in hiring more engineers?” Working within such a culture gave Peter and his department the opportunity to bring analytics to HR and deliver on the high expectations for his team.

3 Agoda.com is one of the world’s fastest-growing online hotel platforms. Established in 2005 as a start-up, Agoda.com expanded quickly in Asia and was soon acquired in 2007 by the world’s largest seller of rooms online, the Priceline Group. Agoda.com is now a truly global enterprise offering accommodations around the world, with offices in 50 locations in 31 countries and more than 3,000 employees of 65 nationalities (www.agoda.com).
Agreeing on the Scope of Analytics

Toward the end of the information-gathering process, evaluate whether the perceived need for analytics matches the type of analytics function you initially envisioned. It is important for the scope of your analytics function to match the expectations of your sponsors. Otherwise, you might find that all of your team’s time is devoted to tasks that are only tangentially related to workforce analytics and that are completely unrelated to your specific objectives. And in this situation, you will not have time to focus on the strategic projects that can really affect the organization.

Negotiating this scope is vital if the focus of the workforce analytics function’s original mandate is not considered wide enough. Arun Chidambaram, Head of Global Talent Analytics at Pfizer, says, “Rather than considering a function mature because it does a particular type of analytics, a function is mature if it can serve the business in the way the business requires. Make sure you know what your consumers of analytics need. Then if you can meet their demand, prioritize effectively, build your team, and select the right technologies, you are on the way to being mature.”

Understanding the match between your analytics objectives and your capabilities to support those objectives is the key to understanding maturity. Just as important, capability should be assessed against current as well as expected future objectives.

Developing a Vision and Mission Statement

You’ll hear the same message from nearly all the experts: You need a vision and you need a mission.

But in the early days of a project, the vision and mission statements don’t have to be perfectly refined and polished. You can adapt the statements as your understanding of the requirements crystallizes.

People who have established a workforce analytics function describe having a general sense of their end state (vision) and how to get there (mission) instead of having “perfect” vision and mission statements that can be recounted word for word. Although many advanced analytics functions do have precisely phrased vision and mission statements, this degree of specificity tends to come later after agreeing on the direction and approach of the workforce analytics function. For clarity, the following grounded and practical definitions of vision and mission statements come from the management consultancy Bain and Company (adapted to apply to an internal workforce analytics function):

- A vision statement describes the desired future impact of your function on the organization.
- A mission statement defines the function’s business, objectives, and approach to reach those objectives.
If you experience any resistance to these foundational planning steps, consider this: A view will certainly be formed within the wider business about the core competencies of your function, how your function should look in the future, and the work you should do. Define your own vision and mission statements and offer them for discussion and debate; don't settle for having management hand them down to your team. Setting your team's future direction, in conjunction with sponsors, is important. Another reason to undertake these preliminary steps is that you can use the vision and mission statements to guide your team, project selection, and the way you interact with people outside your function.

Following are some examples of vision and mission statements from analytics experts. Remember, don't get concerned with fine-tuning them yet; that can come later. Also avoid using “corporate speak,” to ensure common understanding.

- **Vision examples:**
  - Better business through better people decisions
  - HR makes evidence-based people decisions using data and analytics
  - Market leadership through human capital management analytics and planning

- **Mission examples:**
  - Building a human capital analytics organization to enable deep and innovative data mining to support business decisions and maximize shareholder value
  - Building the infrastructure to sustain and provide workforce analytics, with the aim of creating a data-driven culture that allows our business leaders to make superior decisions
  - Working with the business as partners providing analytics solutions to business problems, therefore making sure the company has the right skills at the right time to bring competitive advantage
  - Providing workforce intelligence to HR and business executives so that, in turn, they know their people: who they are, what they do, how they do it, and what they need to succeed

No magic formula covers writing the ideal vision and mission statements. However, the statements should be well informed by the early views of your key sponsors about why they believe a workforce analytics function is needed and what the demand is for workforce analytics projects. If you have to dig out documents every time you need to refer to them, your vision and mission statements are not serving their purpose.
Summary

These key steps set the direction for workforce analytics in your organization:

- Pause, listen, and think before you dive into your first analytics project.
- Talk to the person who appointed you, or the most senior person in your functional line (for example, the CHRO), to clarify the scope of your role.
- Identify prospective project sponsors for interviewing and ask them about business challenges.
- Identify which of the Seven Forces of Demand are driving the primary need for analytics in your organization.
- In a memorable vision statement, describe the desired future impact of your function on the organization.
- In a memorable mission statement, describe your objectives and how you will address them.
- Use the vision and mission statements to communicate your function’s identity to your team and the wider organization, and to prioritize your projects.