

Excellence in People Analytics

Excellence in People Analytics

How to use workforce data
to create business value

Jonathan Ferrar
David Green



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ABOUT THE AUTHORS



Jonathan Ferrar is a globally respected speaker, author, influencer and business adviser in HR strategy and people analytics. He has worked in corporate business for over 25 years for companies like Andersen Consulting (now Accenture) and IBM, where he served as an executive for more than 10 years. He is a Board Member of the CIPD and advisor to the analytics company, TrustSphere. Currently, Jonathan is Chief Executive Officer and co-founder

of people analytics and HR professional services firm, Insight222 (www.insight222.com). He is regularly cited in HR Influencer lists such as ‘The 100 most influential people in HR’ (*HR Weekly*, January 2021) and ‘Top 100 HR tech influencers’ (*HR Executive*, May 2020). Additionally, Jonathan is a co-author of the people analytics book, *The Power of People: Learn how successful organizations use workforce analytics to improve business performance* (Pearson, 2017) and he is delighted to be publishing his second book with his friend and colleague, David Green.



David Green is recognized worldwide as one of the most influential leaders in the people analytics field. He is an award-winning writer, speaker and executive consultant on people analytics and the future of work. He is regularly invited to chair and speak at industry conferences. David’s articles and the Digital HR Leaders Podcast he hosts have built up an extensive following. He is regularly

cited in HR influencer lists, most recently in ‘The 100 most influential people in HR’ (*HR Weekly*, January 2021) and ‘Top 100 HR tech influencers’ (*HR Executive*, May 2020). As Managing Partner at Insight222, with responsibility for the People Analytics Program, David works with CHROs and people analytics leaders in global companies to help them create more value and impact from people analytics. David has accumulated over 20 years of experience in the human resources and technology fields including at IBM, Cielo, Capita, Amadeus and Reed, and is also a board advisor at

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With



Kirsten Levermore is a business storyteller and neuroscientist. She is an expert on cross-functional and multicultural communications and has provided input as a storytelling consultant on numerous global initiatives. Kirsten has contributed to several books on leadership psychology, managing humans in a technology-enabled workforce and internal communications, and previously spent two years

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FOREWORD

Think back over your last 24 hours. How many decisions did you make about your personal life: Where to spend your time? Who to spend time with? How to manage yourself (grooming, food, situation and so forth)? Research says that 60–75% of our choices are made out of habit; the other choices are consciously made to realize our personal goals.

Likewise, business and HR leaders make daily decisions about how to provide human capital services. While many of these decisions are organizational routines (like individual habits) embedded in policies and procedures, others are conscious choices made to deliver and accelerate business goals.

People analytics adds enormous value to make informed conscious choices about human capital investments. I often ask business and HR leaders why they choose one human capital initiative over another. Their answers include: ‘we have always done it this way’, ‘others are doing it’, ‘we want to be as good or better than another organization’, and ‘because someone said we should’.

Thank goodness for *Excellence in People Analytics*!

Jonathan Ferrar and David Green are two thoughtful colleagues who have spent much of their recent esteemed professional careers helping business and HR leaders use people analytics to create value. What is particularly impressive is that their work on people analytics models the research on using information to improve decision making.

The 31 remarkable case studies in this book offer deep perspectives into some of the most innovative analytics work in the world today. The insights from these leading companies offer example after example of what can be done to use people analytics to inform human capital decisions. They also provide valuable opportunities to discover and share broad ideas.

Then, Jonathan and David use their model – Insight222 Nine Dimensions for Excellence in People Analytics® – to go beyond these delightful case studies and offer a logical and measurable framework for delivering people analytics work and developing a sustainable analytics capability.

Combined, the unstructured case studies and structured Nine Dimensions model offer business and HR leaders an incredible book along with specific practical tools that will lead to business impact.

Jonathan and David's insights will evolve 'people analytics' from collecting data to using information to make informed choices. Their work has informed and paralleled mine in so many ways, including:

- 1 HR is not about HR, but about the business. People analytics is not about measuring HR activities found in scorecards or dashboards, or even about fascinating insight or tidbits, but about helping deliver results.
- 2 People analytics starts by defining desired stakeholder results. Any organization has some version of a balanced scorecard with results in five areas: employee, strategy, customer, financial and community results. Being clear about these desired outcomes offers a clear proclamation of what matters most (dependent variables in analytics terms).
- 3 People analytics requires an understanding of the pathways or initiatives to deliver desired stakeholder outcomes. In my own work on human capital, we have identified four domains (talent, leadership, organization and HR department) where initiatives can be designed and delivered (independent variables in analytics terms).
- 4 The human capital initiatives can be prioritized based on their relative impact on the five key outcomes. The Organization Guidance System (www.rbl.ai) offers a disciplined methodology to make informed choices about how to accelerate the five results by investing in human capital initiatives that add the most value.

People analytics done well moves beyond merely benchmarking how a company compares to others and beyond best practice to adopt what someone else does, to personalized guidance for what business and HR leaders *should* do to create sustained value for all stakeholders. As readers will discover in *Excellence in People Analytics*, the correct answer to 'why choose this initiative?' is because it delivers value to results that matter!

While organization routines, like personal habits, continue to affect how organizations think, act and feel, *Excellence in People Analytics* will inform organization choices to make the right things happen. This book dramatically shifts the entire human capital profession to align with, and accelerate, results that matter.

Dave Ulrich
Rensis Likert Professor, School of Business, University of
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April 2021



CASE STUDY

The chief human resources officer's perspective

Of the companies discussed in this book, one that stands out is Microsoft.¹ It is one of the best examples of how people analytics and insights have been infused into the company's operations and strategies. Analytics has allowed Human Resources to unlock value for employees and the business. A detailed case study of Microsoft's approach to people analytics is included in Chapter 5 (Technology). We are very grateful that Microsoft's Chief People Officer Kathleen Hogan also generously shared her insights on the topic during our research.

'Our mission as Human Resources is to empower the people who empower the planet. To support our mission, it's important to hear from our employees. Microsoft analyses more than one million employee comments every year. We use data to help set context, drive understanding of trends we're seeing within the organization and, ultimately, deliver insights that help us make good decisions. It is often said that "people are the most important asset in business". In Microsoft, that is absolutely true. So, decisions regarding our talent have a unique impact on our business.'

People analytics can deliver deep value in so many areas of the business. These include more obvious things like reducing attrition, improving diversity or improving the hiring funnel. One example of how we are² leveraging data is in the area of recruiting. Historically, we focused on a set of top schools³ for computer science talent. Engineering leaders and hiring managers saw these schools as the indicator on whether we were getting the best computer science talent. After analysing the data two years post-hire, we realized that many other schools yielded equally successful employees. We shared that data with our Chief Executive Officer and their executive team and agreed that we would expand the list of universities where we recruited. This not only yielded greater options for talent, but it also offered us a much more diverse talent pool.

In the area of employee experience, we've used data to better understand the moments that matter to an employee's career – and have done specific analysis in the onboarding space to identify areas that we can focus on to ensure employees are productive on day one. Additionally, we see many opportunities to leverage data and analytics in the important topic of employee well-being. Understanding behaviours that can impact the perception of work-life balance is just the beginning. And correlated to that is empowering our employees and managers with their own data. By

understanding behaviours that create positive experiences for their teams and their colleagues, we're putting the insights at their fingertips to enable them to self-correct ineffective behaviours and amplify positive ones.

But less obvious areas where people analytics makes a real difference includes influencing productivity and enhancing manager effectiveness. In partnership with our sales organization, Microsoft's HR Business Insights team has been able to identify certain behaviours that make sales professionals more productive, thereby influencing more positive sales outcomes.

People analytics is not just important internally, it's important to our external customers. With Workplace Analytics, LinkedIn, Glint, Power BI, and Azure, we are making it easier for our customers to embrace people analytics and benefit from the value that understanding your workforce can provide. When talking with external customers, we find it really helps to explain how these technologies assist us internally to bring value.

Like many companies and internal functions, Human Resources is experiencing a renaissance due to digital transformation. As companies embrace more digital systems, they gain more data. I think we're just at the beginning of an incredibly exciting time for HR leaders who increasingly have more of a strategic role and being able to use more empirical data to inform decisions around performance, talent management, agility, employee experience and productivity.

This can and will change the trajectory of the business, for the better.'

*Kathleen Hogan,
Chief People Officer, Microsoft
Redmond, WA, USA
August 2020*

Notes

- 1 The Microsoft Corporation is a US multinational corporation headquartered in Redmond, Washington, that develops, manufactures, licenses, supports and sells computer software, consumer electronics and personal computers and services (see <https://www.microsoft.com/en-gb/about/> (archived at <https://perma.cc/SXU4-3EV2>), last accessed 30 March 2021).

- 2 Kathleen Hogan has served as Chief People Officer and Executive Vice President of Human Resources at Microsoft since 2015. Previous to that Kathleen served as corporate vice president of Microsoft Services, and was a partner at McKinsey & Co. and a development manager at Oracle Corp. She holds a bachelor's degree in applied mathematics and economics from Harvard University and an MBA from the Stanford University Graduate School of Business. Kathleen also sits on the board of directors of Alaska Air Group and the National Center for Women & Information Technology.
- 3 In the USA, the term 'school' is used to describe institutions of higher education. The words 'university' or 'college' are often used in other countries.

PREFACE: A WORD FROM THE AUTHORS

It was a crisp and bright February morning in London in 2015 when two people met in the shadow of the Tower of London to talk about people analytics.

Jonathan Ferrar was a human capital management executive at IBM. David Green was in recruitment process outsourcing at Cielo. One wore a suit, and one wore jeans. In terms of human resources, we could not have worked in more different spheres – but a shared passion for analytics and a fateful social media connection brought us together.

Ultimately, this connection led to us working together at IBM and (with others) founding Insight222, a company dedicated to putting people analytics at the centre of business. Our shared passion for the field of people analytics gelled quickly in these early years and the genesis for this book started on a warm and pleasant evening at the Beach Club in Watson's Bay, Sydney in May 2016.

Since that evening, we've worked together and conducted research with over 100 organizations on people analytics. We are fortunate to have seen it in practice in every major country and industry, globally.

In almost every one of these organizations, we have repeatedly come across three themes: focus, impact and value.

- **What should I focus on?** Practitioners who focus on business challenges linked to the company's people strategy are more successful in their endeavours.
- **How can I improve my impact?** Organizations that build solid foundations and don't dive into solving technology and data issues create more impact on a long-term basis
- **How can I create more value?** Leaders who prioritize their work with the end goal in mind deliver more value for the business and the employees themselves.

The answers vary depending upon the situation, level of experience of the team, business challenges and industry. We reviewed all the work over the

last few years in the context of these three questions during a business retreat in Hamburg in May 2018. Hamburg has played a critical role in creative thinking for bands such as The Beatles – and it was no different for us: it was an inspiring place, as we developed the framework discussed in this book.

The answers to those three commonly asked questions – What should I focus on? How can I improve my impact? How can I create more value? – can be summarized into nine dimensions, grouped into three categories: foundation, resources and value.

We call it the Insight222 Nine Dimensions for Excellence in People Analytics® model (see Figure A.1).

The most successful organizations in people analytics seek excellence in each of the nine dimensions and address them in a way that is suitable (and in whatever order is appropriate) for their company. We find that organizations that have delivered the most impact focus on all three categories simultaneously. The Nine Dimensions model is not sequential. It does not need to be ‘done’ in a particular order. And it does not imply that moving from one dimension to the next cannot happen without achieving a certain level of ‘maturity’.

Figure A.1 Insight222 Nine Dimensions for Excellence in People Analytics®



As you read this book, ask yourself one question: How can I use workforce data to improve the value for my people and my company?

We aim to help business leaders, chief human resources officers and analytics practitioners make their companies and organizations a better place for their people, and deliver more value to all of their stakeholders. So, between the summer of 2019 and early 2021, we searched for the best examples of people analytics in the world and crystallized many of these into 30 case studies.

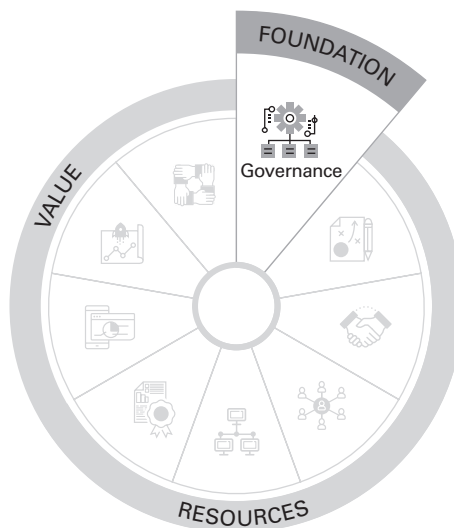
While the model and frameworks provide theoretical guidance, the case studies bring the topics to life. We are sure the practical advice in this book will inspire business leaders and human resources executives to invest in people analytics. If that happens, we are confident that their people analytics teams will have more focus, provide more impact and deliver more value to their organizations.

INSIGHT222 NINE DIMENSIONS FOR EXCELLENCE IN PEOPLE ANALYTICS®

Foundation

People analytics needs a solid foundation with the right elements in place to enable success in the future before the work becomes too complex. This is rooted in having strong governance, clear methodologies and effective stakeholder management.

Dimension One – Governance

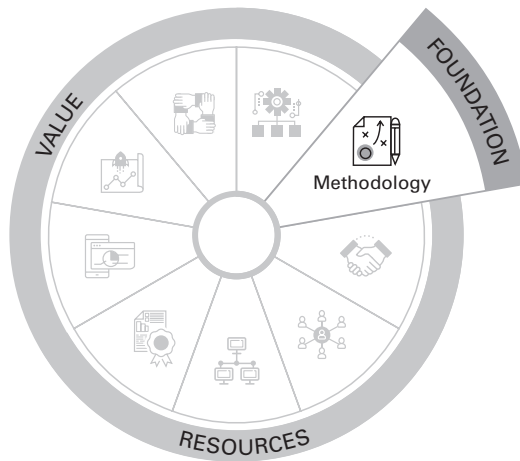


Governance, as one of the Nine Dimensions, refers to the mechanisms, processes and procedures by which people analytics operates. It underpins all analytics and ensures the right people provide direction for work, that the structure and stewardship for managing data and projects are implemented and applicable, and that risks are managed appropriately.

We emphasize the practice and value of strong governance and stewardship with case studies from:

- **Novartis International A.G.**, on aligning people analytics to the business strategy;
- **Trimble, Inc.**, on how creating a brand for people analytics enhances credibility;
- **Lloyds Banking Group**, on establishing ethical standards for people analytics.

Dimension Two – Methodology

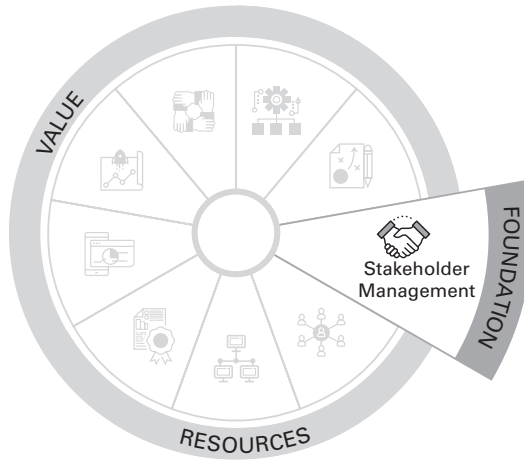


Methodology, as one of the Nine Dimensions, focuses on the processes and frameworks that should be established for repeatable and dynamic people analytics. These include the way in which the prioritization of work occurs, and the use of effective and transparent criteria, plus the involvement of stakeholders and how to provide focus to the team, while creating impact and delivering value.

We explore practical applications of implementing effective methods and sponsorship with case studies from:

- **Merck & Co, Inc.**, on how to be agile when prioritizing in a pandemic;
- **American Eagle Outfitters®**, on developing a people analytics manifesto;
- **Swarovski A.G.**, on delivering top-line growth with the right sponsor.

Dimension Three – Stakeholder Management



Stakeholder Management, as one of the Nine Dimensions, discusses the different types of stakeholders that people analytics teams will interact with to create impact and deliver value. In particular, it focuses on building a purposeful stakeholder map, how to engage and conduct effective meetings and what to do in the long term to build effective and sustainable relationships across all stakeholders.

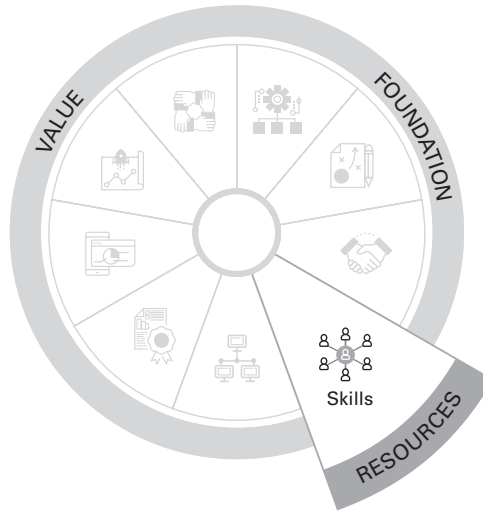
We learn from the experiences of three senior leaders on how they secured stakeholder commitment in case studies from:

- **Johnson & Johnson**, on developing great stakeholders at the very top;
- **The Viessmann Group**, on the value of being an analytical CHRO;
- **Syngenta A.G.**, on the importance of having stakeholder engagement.

Resources

People analytics must have impact to be credible. This requires balancing the right resources, including expertise in the team itself, appropriate technologies and robust and extensive data.

Dimension Four – Skills

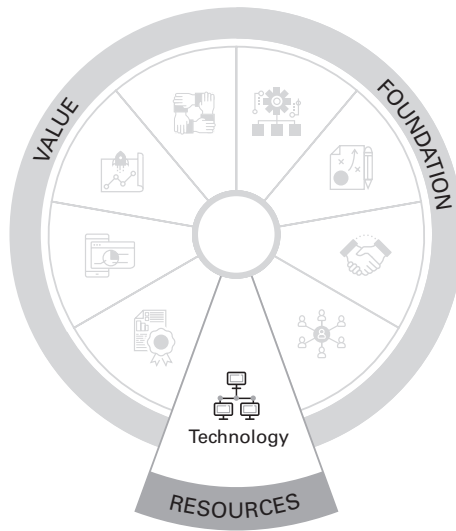


Skills, as one of the Nine Dimensions, focuses on the people analytics team itself. It discusses the responsibilities and skills of the people analytics leader in particular, plus the operating model for the team and the key skill set for translating the business and human resources language into analytical language, and vice versa.

We gain insights from companies that have built successful people analytics teams with case studies from:

- **Standard Chartered Bank**, on the people analytics leader;
- **Capital One**, on scaling the people analytics team;
- **Royal Caribbean Cruises Ltd.**, on the importance of great translators.

Dimension Five – Technology



Technology, as one of the Nine Dimensions, consists of all types of analytics technology needed for a successful people analytics team. In particular, it outlines the topic of ‘build versus buy’, using technology to scale analytics solutions and emerging technologies to accelerate data gathering, analysis, insights and the democratization of data.

We provide practical examples of experiences in harnessing technology for people analytics with case studies from:

- **Vertex Pharmaceuticals**, on buying technology;
- **Bosch GmbH**, on building a technical architecture for workforce planning;
- **Microsoft Corporation**, on scaling analytics across the enterprise.

Dimension Six – Data



Data, as one of the Nine Dimensions, consists of data stewardship, data management and how to use these to deliver more value to the business. Of particular importance is the use of data sources, especially emerging data, that will add incremental value and expand people analytics far from the focus on human resources policies and process, to those that address the most complex business issues.

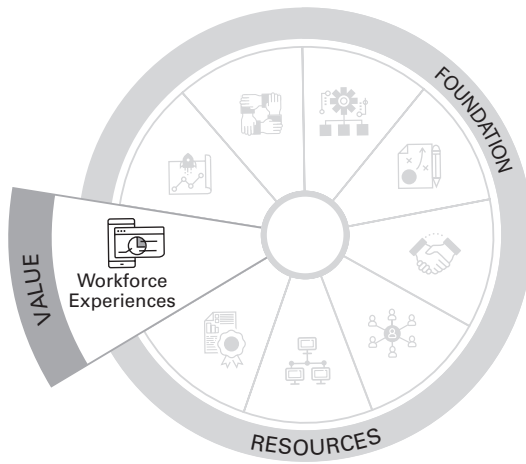
We highlight outstanding examples of how data governance and management has created impact with case studies from:

- **HSBC**, on the role of the chief data officer for HR;
- **Nokia Corporation**, on leveraging a burning platform for data management;
- **Tetra Pak**, on partnering with finance to standardize data for a key business objective.

Value

People analytics has a responsibility to deliver value to the organization and its workforce. This is derived by providing experiences to the workforce, creating impact through business outcomes and developing a data-driven culture for analytics.

Dimension Seven – Workforce Experiences

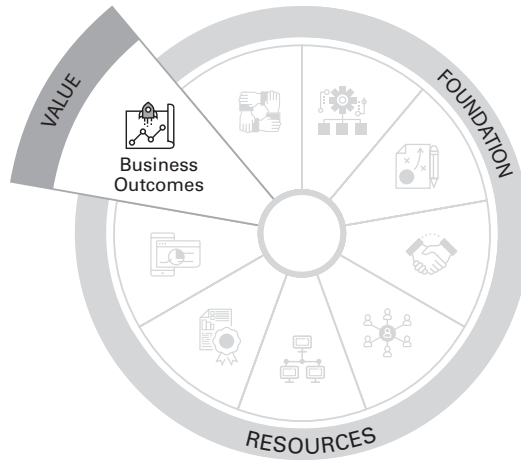


Workforce Experiences, as one of the Nine Dimensions, describes how key audiences across any organization benefit from people analytics. It outlines topics such as consumerization and personalization of employee experiences, the democratization of data to all managers, how to delight executives with interactive analytics and how to change organizational processes for improving the entire workforce experience.

We share compelling stories of how people analytics can deliver powerful experiences with case studies from:

- **ABN AMRO Bank N.V.**, on measuring employee experiences;
- **FIS (Fidelity National Information Services, Inc)**, on using data to change the performance management system across the company;
- **Santander Brasil S.A.**, on bringing analytics to life in front of executives

Dimension Eight – Business Outcomes

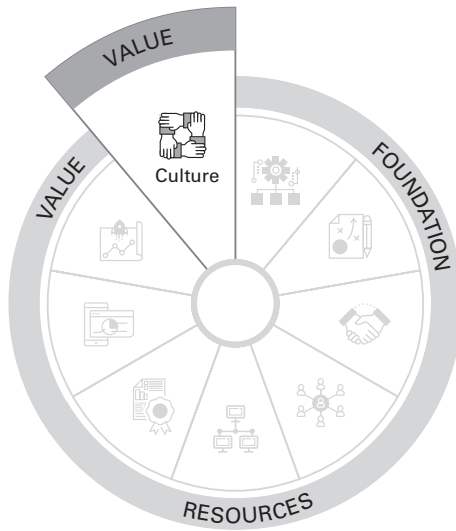


Business Outcomes, as one of the Nine Dimensions, describes the rationale and techniques that lead to delivering outcomes as a result of people analytics activity. These outcomes are actionable insights and recommendations, financial value, and tangible business improvement across the enterprise.

We also hear about how people analytics delivers business outcomes and scales solutions with case studies from:

- **MetLife, Inc.**, on securing investment for people analytics;
- **Nestlé S.A.**, on speaking the language of the business;
- **IBM (International Business Machines Corporation)**, on scaling for value with advanced analytics and technologies'

Dimension Nine – Culture



Culture, as one of the Nine Dimensions, is focused on building analytically willing and savvy people across the human resources function. It considers the skills and mindset needed for the future HR professional and how these can be developed and instilled to provide a basis for innovation, curiosity and delivering value to the organization.

We spotlight the attributes of analytical cultures that enable sustainability in people analytics with case studies from:

- **Merck KGaA**, on the adoption of a culture of people analytics across the enterprise;
- **Rabobank**, on how to engage and enable HR to kick-start a data-driven culture;
- **PepsiCo**, on building collaboration between global and local teams.

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David Green

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- Focus-Impact-Value Model
- Seven Types of Stakeholders
- The Four Responsibilities of People Analytics

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