How predictive analytics help HR organizations scale

Critical success factors to stay agile in the face of workforce change

The reality of our rapidly evolving globalized economy is that talent requirements are fluid. Talent continues to be the most significant competitive differentiator for every business of every size, so this fluidity must be correctly managed. Organizations must be prepared to scale their workforces in response to strategic need, whether that need is created by a merger or acquisition, a restructuring or expansion, or in response to domestic and global market opportunity. Growth depends on it.

Maintaining the status quo in a high-velocity marketplace is not a sustainable HR business model. A people-focused business model with agile HR analytics capabilities can put the right resources in the right place at the right time to deal with planned and unplanned growth, while minimizing risk and disruption. By leveraging predictive analytics, a business can take a new, transformational approach to HR operations and business processes—streamlining practices and anticipating talent needs by unifying HR data and workforce requirements across the enterprise to provide direct visibility into managing growth.
Considerations for developing an HR organization that can scale

There are several considerations for building in effectiveness, and it starts with HR leadership. The strategic value of HR has grown exponentially, as challenging workforce demands have elevated the importance of recruiting, developing talent, and performance management. The days of HR solely fulfilling a tactical organizational and administrative role are long gone. To effectively support the requirements of change, HR must be integrated into the business and have a seat at the decision table. HR is in an excellent position to not only take advantage of its deep people knowledge, particularly in the areas of data analytics, but to also help business leaders use this technology for people deployment. HR must also have a hand in the selection of the appropriate analytical engine for growth, in order to manage centralized personnel data and provide greater control over workforce talent requirements to drive desired business outcomes.

By selecting the right engine for growth, HR analytics can provide insight that ties people planning with performance, so management can make better workforce assessments that reduce costs and improve time to market, both critical to economic competitiveness. It’s revealing to note that one-third of all products are delivered late or incomplete due to a delay in decision-making.† HR software that enables enterprise-wide collaboration and communication through mobile, cloud-based applications powered by data analytics can impact speed to market by facilitating faster and more accurate decisions.

With better operational visibility into people needs as they relate to supply and demand, businesses can prevent lost revenue, disengaged employees, angry customers, and low market share that can result from a delay in time to market.

Aligning an HR organization with global business needs requires a global plan—a plan that is flexible enough to meet today’s requirements and that can quickly respond as those needs change. HR must create linkages between various lines of business to understand how a global workforce is intrinsically tied to strategic objectives, so enterprise demands can be supported no matter the need or where employees reside.

When expanding globally, HR must have the ability to centralize and offer fast adaptation to country-specific rules, regulations, localizations, and translations that allow for complex data analytics capabilities to provide direct insight into changes impacting the entire business. Additionally, it must also have the capacity to seamlessly scale and share information in a coordinated, timely, and effective manner across multiple systems in response to resource changes (i.e., people and workload that accompany global growth). Successful global growth actually hinges on successful implementation at the local level, a necessity that can’t be overlooked when scaling internationally to deliver an integrated, world-wide analytical view of the workforce.

And, one final consideration: HR processes must be nimble. All of the talent tools necessary to acquire, retain, and develop employees, as well as compliance processes such as payroll, benefits, absence management, health and safety, and employee relations, must all be scalable in order to quickly and accurately accommodate workforce growth.
Fact-based people decisions fuel productivity

As HR industry thought leader Dr. John Sullivan has said, “People costs often approach 60% of corporate variable costs, so it makes sense to manage such a large cost item analytically.”\(^2\) Many companies already rely on data-based insight to drive their people decisions—some with amazing results. For example, Google\(^\circledR\) has always relied on an entirely data driven HR function and credits its people analytics approach for its workforce productivity numbers. On average, each of its employees generates nearly $1.5 million in revenue and $301,000 in profit annually.\(^3\)

Data-based people decisions can have a significant increase on revenue, profit, and productivity to help every company realize their strategic goals. When developing an HR workforce strategy that can scale, speed to performance is an important consideration, particularly when filling critical positions. Research shows that the average time for a new employee to reach full productivity is 20 weeks for professionals, and more than 26 weeks for executives.\(^4\) Building an onboarding process guided by analytics gleaned during the talent acquisition phase individualizes the effort and shortens the time to productivity. Ensuring a new hire’s ability to make an impact immediately, coupled with continued employee development, leads to greater employee satisfaction and retention.

The same is true when using a science-driven predictive analytical approach that ties behavior and skill qualifications together to create a complete view of a workforce’s capabilities and propensities, and allows an organization to build the “best teams” based on business objectives. The end result is an organization that can continue to meet its current mission and grow without major disruptions.

Moving workforce planning from wish list to implementation

According to the Society for Human Resource Management (SHRM), “workforce planning has topped the wish list of HR executives for years, but it has consistently been one of the most difficult programs to launch within HR.” Among the reasons cited are the tendency of HR managers to focus on executing a year at a time instead of planning for the future, and the lack of available data necessary to make long-term planning a reality. Other reasons include an inability to rely on data instead of gut feelings, as well as traditional workforce forecasting methods, which are insufficient.\(^5\)

In other words, change is unpredictable and requires planning; without an HR business model that can scale to go to market quickly using tools that are vigorous enough to address demands, it is almost impossible to manage change effectively. When there is already a shortage of resources and time limitations for meeting current demands, HR organizations must be able to handle the next big thing and build forward-thinking workforce plans.

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The modern mindset for high-performance organizations

As SHRM has also noted, even though it may be difficult for some companies to launch, a broad-scale acceptance of data driven decision-making is infusing the culture of organizations, making workforce planning a more attractive concept. And, when that acceptance is coupled with the advances made in predictive analytics and modeling technology, workforce planning moves from a “nice to have” to a critical necessity for high-performance organizations.

Today, organizations must ask: How quickly can we scale our workforce and get them up to speed? Do we have the right business solutions and data analytics in place to respond to fast-paced organizational change? If mergers or acquisitions, rapid employee growth, or global opportunity beckons, are we prepared to answer? Do we have data-driven and evidence-based analytics to make the right talent decisions? As companies put plans in place to scale products in the face of growth, a scalable HR strategy that can anticipate and address these questions is just as important so businesses can maintain consistent growth and out-pace the competition.

A scalable growth strategy must be operationally robust, measurable, and most importantly, nimble enough to manage HR policies, processes, and people initiatives efficiently. HR and talent data must be unified to provide visibility into fact-based, predictive decision-making so workforce planning can be transformed into a strategic tool. It must be supported by broad technology and deep functionality that optimizes current resources, and can scale quickly on demand.

The time is right

The time is right to develop a high-impact, scalable HR workforce planning model that can attract, engage, and retain the best talent. A strategy that leverages predictive analytics in every area of workforce management advances HR’s contribution to business performance.

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3. Frank Mercado, Google’s secrets to workforce productivity, LinkedIn, September 11, 2014.

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