

Talent & Organization Performance

Using analytics to generate insight into your workforce and organization

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Although the field of business analytics has made great strides in recent years, the methods and tools to deliver insight in the areas of talent management and organization performance have traditionally lagged the rest of the analytics field. The typical HR system is not able to analyze the complex dimensions that involve employee and leadership behaviors, workforce capabilities and numbers, and relevant HR processes. These systems generally report on events from the past instead of providing insights into current and future trends.

Many companies, therefore, do not effectively assess and manage the performance of one of their most critical and expensive assets: their people. Fortunately, new tools and approaches are available that enable organizations to leverage analytics in a way that improves workforce planning, more closely aligns organizational capabilities with business strategy and, ultimately, derives better business value from workforce talent.

What Accenture calls "talent and organization analytics" can help companies answer important questions, such as: "What programs really drive better workforce performance?" "After a merger or restructuring, what organizational and talent levers need to move to get the company performing at peak efficiency?" And, "Which top performers in the organization are at risk of leaving, and how might they be enticed to stay?"

Answers to these questions and others like them can have measurable impact on performance, such as cutting HR expenses, reducing workforce costs, increasing employee productivity and improving service to customers.

Multiple analytics approaches for different needs and budgets

Companies dealing with workforce- and organization-related challenges must do several things. First, they need an accurate assessment of the way things really are ("What is going on?"), not influenced by emotion or merely anecdotal evidence. Second, they must diagnose the causes of whatever problems exist ("Why is it going on?") and put in place action plans to address the underlying causes. Third, they need to develop forecasting capabilities ("What should be going on?") to help them identify issues and opportunities that lie ahead.

The type of approach used in a talent and organization analytics program will depend on the complexity and scale of the question being analyzed, as well as on an organization's timeframe and budget. Multiple kinds of tools and approaches are available. Scorecards and comparative analyses provide fact-based insights. Diagnostics and action plans help organizations move forward with analytic rigor. Forecasting and optimization tools help companies refine their action plans by looking into the future.

Some analytics initiatives are comprehensive and enterprisewide; they may deliver value over the course of several months, which is a timetable appropriate to that scope. Other high-impact approaches are smaller in scope but can deliver important, business-relevant insights more quickly—in a matter of weeks. Faster approaches with limited scope but big impact will be increasingly important as companies seek to improve their organizational agility—their ability to react and

adapt faster to volatile marketplace and economic conditions.

Talent and organization analytics in action

Although the field of talent and organization analytics is relatively new, several companies are pioneering innovative applications of analytics to improve the performance of their organization and workforce. Here are just a few examples.

Closing the talent gap for a retail chain

With hundreds of outlets, one North American retailer was concerned about the gap in performance between its top stores and its average ones. The business implications of this gap were profound: more than \$50 million in lost revenue because of the discounting approaches being used by the lower-producing stores.

The company applied a talent and organization analytics approach to better understand the situation. It found that much of the performance differences could be attributed to variances in learning, turnover, employee engagement and other talent factors. Based on this understanding, the company is designing interventions to reduce the difference in performance between the top- and low-performing stores by more than \$25 million.

Increasing the value and relevance of learning, while reducing costs

One of the biggest workforce expenses that organizations incur is enterprise learning, and its return on investment is often difficult to measure precisely. For one US insurance company, analysis of training programs for its IT professionals led to a number of concerns: approximately \$1,700 was being invested in learning opportunities for each employee every year, involving 25 hours of training—yet nearly all employees were estimated to have a competency gap of 15 percent or more.

Using advanced modeling and optimization techniques as part of a talent and organization analytics program, the company is working to create a more targeted curriculum designed to address the specific skills gaps of its IT workforce. The company believes this will result in a 50 percent reduction in curriculum costs and a 20 percent reduction in training time, while also producing more competent performers.

Talent and organization analytics: Answering the right questions in the right way

Clearly understanding and articulating the question to be answered is the first step in the analytics approach. The expert team assembled to perform the analysis then

proceeds to identify the data requirements and create the information collection plan. In a final phase of work, data is collected and analyzed to produce the answer to the question identified in the first phase, or to refine the question for further analysis.

Phase 1: Problem definition

The most important aspect of a successful talent and organization analytics program—and the step too often performed inadequately—is properly defining the business problem to solve or the question a company seeks to answer.

It may seem obvious that an analytics program depends on having a discrete problem to analyze, but organizations are often surprisingly vague at this stage: they tend to define a problem that is either too limited or too diffuse. This can lead to delays in the project, overspending or results that do not advance the company in terms of workforce, organization and business performance.

Phase 2: Data requirements and planning

In the data requirements phase, companies should consider data sources they already possess, as well as sources that are created specifically as part of the analytics program, such as interviews, benchmarks and surveys.

Part of the unique value of talent and organization analytics comes from the fact that both structured and unstructured data can be analyzed—that is, quantitative reports as well as more qualitative information such as news feeds, social networks and customer feedback. The quality and robustness of the data—including information from related areas of the business, both upstream and downstream—is critical to a successful analytics program.

Phase 3: Collection and analysis

The final phase involves the actual data collection and analysis, executing the plan set forth in requirements planning. First, data collection occurs, using techniques such as surveys, social network extraction and Web scraping.

Analysis then occurs using a variety of methods, including desktop analytics and expert tools. Several proprietary models are also available to produce additional business insight. These include tools to model strategic human capital plans, as well as organization and culture effectiveness solutions.

Based on the analysis, the original problem or question is tested, and results of the tests then lead to actions based on the

insights generated—workforce and organization programs to close performance gaps or to seize new marketplace opportunities.

Managing a successful talent and organization analytics program

One of the keys to managing a successful talent and organization analytics program is having the right people, with the right analytical skills, driving the initiative. Another success factor is managing the changes in culture, process, behavior and capabilities resulting from the analytics initiative. Such changes call for advocacy by senior executives who are passionate about analytics and fact-based decision making.

Properly used to analyze an organization's talent and programs in light of clear business goals, analytics can deliver a host of important benefits. Companies can derive workforce insights that can increase sales and profitability. They can improve their ability to retain top performers in the workforce, and they can better understand the leadership behaviors and cultural attributes that can drive desired business results.

For companies looking to maximize the value of every investment, talent and organization analytics can help direct investments toward the people and programs most essential to driving high performance.

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