

HR Metrics and Analytics: So Many Numbers, So Little Time...

The critical importance of proper definitions in analyzing HR data

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To show the importance of what this article covers to an HR professional's effectiveness – and sanity! – we want to start with a brief “cautionary” tale. We were asked to help the executive leadership team of the IT department of a Canadian bank determine the data they needed to improve hiring decisions for specific senior IT positions. They had asked an HR analyst with the bank to provide them with data to make better and often urgent decisions. Competition for these mission-critical positions is very acute between financial institutions. A bank needs to move quickly when a need or opportunity arises. And that was the extent of the instruction they gave to the analyst: *“Bring us the data!”* The analyst worked for two weeks gathering data and then made a presentation that included over thirty slides of dense charts and complex graphics; the analyst had basically downloaded every piece of information on senior IT positions across the bank. Unfortunately, it was of little or no help to the executives who were formulating strategy, managing risks, and making hiring decisions. As the executive who brought us in to help said: *“After the 3rd slide my eyes started to glaze over. I had no idea what I was being told or what insights I was supposed to take away from it all. There was no structure and no viable conclusion.”*

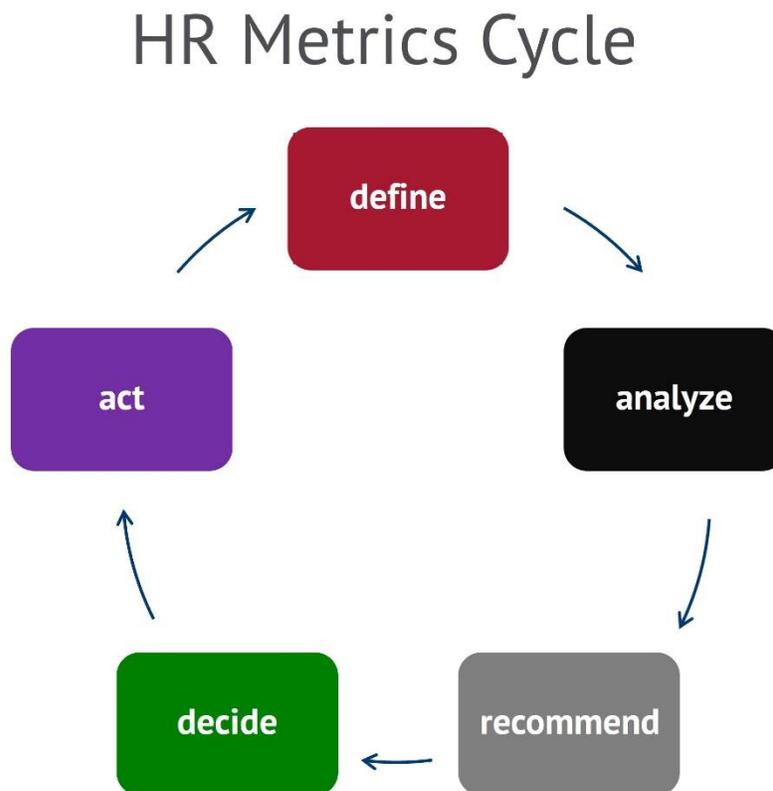
The evolution of data capture technologies now means that organizations have oceans of data to work with. The problem with this – and it is a “problem”, not merely a “challenge” – is that we need to boil this ocean of data into a drink of water that will help us and our leaders make key HR decisions across a range of issues: hiring, resourcing, training, compensation, performance management, health and safety, inclusion, diversity, employee engagement, and more. HR data analysis is a critical management tool, but only if used in a way that supports, not hinders, informed decision making.

In this article we will share two structured ways to look at organizing your thinking and your data analysis that will make more effective use of your time and lead to more timely and informed decisions. First, we will overview the *HR Metrics Cycle* which leads in clear steps from defining the opportunity or problem, to decisions and a relevant action plan. Secondly, we will dig more deeply into the *Define* step of the cycle. Starting any project with clearly defined goals and agreed terminologies and metrics is critical to a project's relevance and success.

For those of you want to learn more about these models and their applications, we encourage you to join us for Queen's IRC's [HR Metrics and Analytics](#) program where we cover them in more depth, and where you can actively apply them to both case study material and one of your own “real world” live projects.

Part One: The HR Metrics Cycle

The HR Metrics Cycle includes five distinct steps, shown in the diagram below. The intention of the cycle is to provide insight to improve both decision-making and subsequent action plans in a timely and effective manner.



Define: In the first step of the cycle, we need to work closely with the “owner” of the project – the sponsor – to define both the *Problem* we are facing and the *Outcome* we are aiming to achieve. This answers the question for everyone involved: “*Why are we doing this?*” If this is not done as the very first step, endless hours may be wasted in gathering and analyzing potentially irrelevant data. We will outline this step in more detail in the second part of this article.

Analyze: In this step, we analyze the data that has been agreed in the Define step and begin to shape it into insights and stories to be considered in the decisions and future action plans. HR Metrics are a tale of human action told in numbers. The numbers tell a story. In good analysis, we isolate the relevant story that exists within the data, and which applies directly to our problem and desired outcome.

Recommendation: This step is in two parts. First, we need to succinctly share with our sponsor the story that we believe the data is revealing about the problem and potential solutions. Secondly, we can then share our recommendation or options for the ensuing decision and action plans needed to achieve the desired outcome. The sponsor may ultimately decide to not use our recommendation, but as experts in the HR field, we must be willing to express a point-of-view on the best path to follow.

Decide: This is where decisions must be made based on the analysis that has been carried out. Sometimes the decision is to create an action plan to solve the problem or capture the opportunity. Sometimes that decision is to do further analysis. At times, the decision is to do nothing. But a decision must be made so everyone is clear on what will happen next.

Act: Decisions lead to action. This can be action to drive change, to do more analysis, or to put the project aside. All are valid and offer clarity on where our time and resources are to be spent next.

Part Two: The Define Step - A Story in Six Chapters

There is an expression we lean on when defining projects and problems: *“If we agree definitions, we end most arguments.”* Agreeing definitions at the start of a project means that we have to think clearly and specifically about what we want from the project, and, as importantly, we need to think together – together with our sponsor, together with our team, and together with the individuals who generate, collect, and understand the data. By thinking together, we gain greater clarity, but we also generate better ideas, and we collaboratively foresee roadblocks and opportunities before they occur. This leads to faster, better, and more fulfilling work, and ultimately to better and more timely decisions. Everything starts with *agreeing* definitions!

In any analysis project, the following six elements must be agreed before the project begins.

1. The Sponsor – *Who owns this project?*

Never start an analytics project without a clearly defined sponsor. Let us repeat that: NEVER start an analytics project without a clearly defined sponsor. The sponsor “owns” the project because they have accountability for the outcome. You may be the sponsor if you own the final accountability, or it may be the head of HR. But for most projects, the ultimate sponsor will be a member of the leadership team of the business or organization. *They are the one who owns the problem and needs it solved.* They command the resources that the problem affects. They are ultimately responsible and accountable for both the decisions and the action plans that will fix

the problem or capture the opportunity. It is worth saying again: NEVER start a project without a clearly defined sponsor.

Working closely with the sponsor and relevant members of their team, you and your team will define and agree the follow key information before starting your analysis.

2. The Problem – *Why are we doing this?*

What is the problem we are trying to solve? This is the most important question that must be answered. Another way to ask this is: *Why are we doing this?* Individuals and organizations spend time, energy, and money to solve problems or capture opportunities. We must be very clear and agreed on what the problem is. In our bank story, there was no defined problem. The executive sponsor had only said, bring me data on expert recruitment in the IT area. Consequently, a lot of work was carried out and time wasted that produced little or no value.

3. The Outcome – *What do we want?*

In the initial definition discussions, the sponsor and the team must agree on what the desired outcome is that they are trying to achieve. This outcome may very well change as the problem is better understood through the analysis of the relevant data. However, the initial definition is essential to determine two key drivers of the project: What is the *urgency* behind solving the problem? And within what *time frame*? You can only get a sense of these key organizational drivers if the desired outcome is specified up front.

4. The Scope – *What departments and individuals? For what time periods?*

With your sponsor, you need to define which departments/divisions or subsets you will be analyzing, and which specific roles are to be included. In addition, the time frame for the analysis must be agreed – how far back will you go in gathering data and in what time increments, monthly, semi-annually, annually, etc.

For the bank project, the executive sponsor was not interested in all the “expert” IT roles, but rather only three critical roles where she believed the bank was at risk in staffing and recruitment. The analyst did his original analysis across all 15 “expert” roles, because he had not been told otherwise. In addition, he did the analysis for turnover, recruitment, and market level pay bands in monthly increments over the past ten years, when the sponsor believed only the last three years of data in semi-annual segments was relevant and necessary. These refinements could have been easily determined up front if the sponsor and analyst had conducted a kick-off discussion to define the project.

5. The Terminology – *Who is Who and What is What?*

A key part of good definition is agreeing terminologies. Terms that are critical to this usually revolve around the roles and levels of employees: executive, staff, contract workers, experts, and a range of others. For example, when you refer to “executive” in your analysis, is that all bands of classification or a limited band? Does the term staff refer to full time? Part time? Does it include contract workers? For what period must the target group have been employed in order to be included? Other terms that often need to be agreed include turnover, compensation bands, engagement, diversity, inclusion, etc. You can see the point. Often these terminologies are very easy to agree if the conversation is held at the beginning of the project. But if they are not discussed, defined, and agreed upfront, then a lot of analysis can be done that has no impact on the necessary decision, or, worse, confuses the underlying story and makes the decisions more confusing and almost impossible to make.

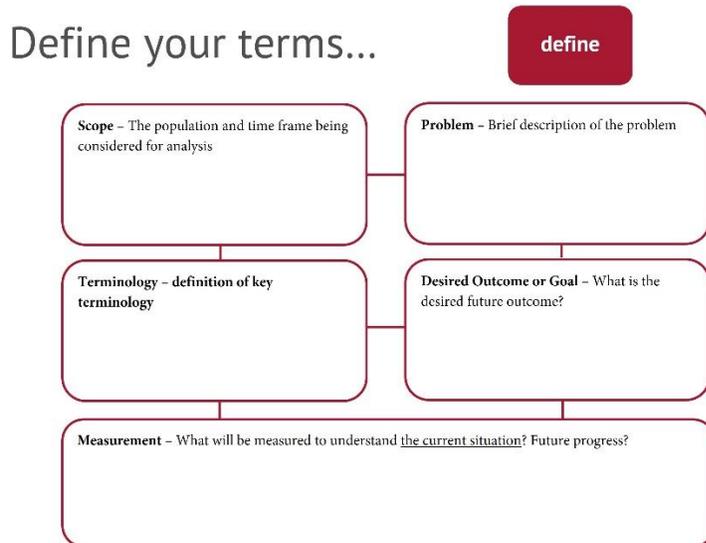
6. The Metrics – *What is the relevant data?*

Finally, it is critical to agree with your sponsor exactly what data you should gather and analyze, given what has been decided, defined, and agreed. *What metrics (numbers!) will you collect and what time segments will you analyze them over?*

One of the hardest challenges for most organizations these days is that they gather so much data from so many sources that it is hard to boil it down to what is relevant and essential to the problem they are solving. Again, this is why agreeing the definitions and approach with your sponsor increases the likelihood that you will determine the relevant data before you start searching, gathering, and analyzing. Our advice: start with the *three key measurements* you believe you need and then see if that provides you with enough to build your story. If not, expand the data set cautiously and in small increments, testing relevance at each step. In our bank story, after agreeing they would analyze the three key expert positions across the previous three years in semi-annual increments, they gathered three sets of data: 1. Turnover frequency for the position; 2. Quarterly performance management results, and 3. Industry/market pay band movements. From this initial analysis, they were able to target other relevant measures and quickly put in place a strategy to mitigate the risk of losing mission-critical employees while still managing over all compensation costs. The HR department was then able to bake the key data into the bank’s weekly dashboard so that the executive team could clearly see if the situation was under control or slipping into a “red flag” danger zone.

A Working Tool: The “Define” Template

Below is the simple overview template we provide to participants in the *HR Metrics and Analytics* program when learning and working with the Define step of the HR Metrics Cycle. It captures what is agreed in the discussions with the sponsor so that everyone is clear on the definitions for a project. It is also an excellent “conversation” starter when first sitting down to scope out a project. (There is a full sized copy at the end of this document that you can use.)



An Invitation

We love to help HR professionals learn and apply this material. It is why we developed and deliver the Queen’s IRC [HR Metrics and Analytics](#) program. We invite you to join us in one of our in-person or virtual programs. The program is highly interactive, and you will meet and work collaboratively with other HR professionals from a wide range of industries and public service organizations on increasingly complex case studies that reflect real world situations. In addition – this is our favorite part of the program! – we invite you to bring a current project you are working on to the program. With our support, you will apply the thinking and tools from the program to your project and present the results to your peers and us. You will then get professional feedback on what you are doing well, what you might consider changing, and how you can improve both your approach and confidence. We hope you have enjoyed this article and found it helpful, and we would love to have you join us in an upcoming program. If you have any questions, please contact Queen’s IRC at irc@queensu.ca.

About the Authors



Kendra Hajek has worked extensively with global clients to design, facilitate, and manage programs focused on selling to the C-Suite, leadership, communications, and business development for the past 20 years. Prior to founding her company, Kendra was a senior client manager for a boutique consultancy and was responsible for numerous global accounts. She has extensive international experience, having worked with clients across the U.S., Europe, Asia-Pacific, Africa, and Latin America. Kendra has also worked across a diverse range of industries including professional services, IT consulting, medical device manufacturing, industrial products manufacturing and distribution. With a degree in Management, Kendra spent her early career assisting small businesses with post-merger integration in the oil industry.



Jim Harrison is an international consultant and facilitator focused on strategy, sales and talent management for mid-sized to large organizations, including government, public service and healthcare organizations. Jim started his career in financial services, working as a money trader for RBC/Dominion Securities. He has over 30 years' experience in consulting, training, and executive coaching. He works with clients in North & South America, Europe, Australia, and Asia, and regularly facilitates strategy and training sessions for such well-known companies as IBM, Accenture, PwC, KPMG, Deloitte, Fuji, AGFA, TD Bank, AT&T, Deutsche Bank, and HSBC. Jim received his B.Sc. degree in Finance from Florida State University and a Master's Degree in English from the University of California, Irvine.

Kendra and Jim are facilitators for the Queen's IRC [HR Metrics and Analytics](#) and [Linking HR Strategy to Business Strategy](#) program.

Define your terms...

define

Scope – The population and time frame being considered for analysis

Problem – Brief description of the problem

Terminology – definition of key terminology

Desired Outcome or Goal – What is the desired future outcome?

Measurement – What will be measured to understand the current situation? Future progress?



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