



*Webinar: Building a Winning Business Case  
for Human Capital Analytics*



*April 13, 2016*

# About Human Capital Management Institute

The **Human Capital Management Institute (HCMI)** was founded on the belief that organizations can and must find better ways of measuring their investments in human capital. Our vision of the future is one in which human capital measurement and information is as integral to business decision making as financial information is today.

*- We Bring Financial Discipline, Standards and Rigor to the HR Function -*

## HCMI Background:

- World leading tools/methodology
- 100+yrs experience Analytics & Planning
- Deep Finance & HR expertise
- Advisory Board CFOs and HR heads

## What We Do:

- Measure the immeasurable in human capital
- Full service tools, consulting & training
- Transform workforce data into intelligence
- Tools so HR can make the business case

**Workforce Assessment ♦ Strategic Consulting ♦ Training**

**Best Practices ♦ Workforce Analytics and Planning ♦ Benchmarking**



Have You Found Your Analytics  
Pot of Gold?

**\$1M** RO Challenge

# Products and Services

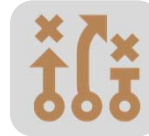
## Full-Service Workforce Analytics and Planning Provider



### Training and Advisory Support



**Analytics Center of Excellence**



**Training**

- Workforce Analytics Training
- Workforce Planning Training
- Custom onsite training

### Consulting Services

#### Specialize in

- Workforce Analytics and Planning
- Assessments
- Data Integration Blueprint
- Building a Business Case

**Workforce Analytics and Planning Roadmap, Assessment and Business Case**



**Advanced Workforce Analytics and Planning Consulting**



### Advanced Technology Solutions

#### SOLVE Dashboards

- Measure Metrics that Matter
- Quantify Financial Impact of Talent

#### SOLVE Pro

- Advanced Workforce Analytics and Planning
- Predictive Modeling and Forecasting

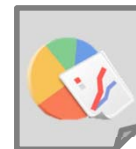
#### P3 Personality Assessment

- High level of accuracy, reliability and validity

**Talent Management Dashboards Metrics, Training and Research**



**Human Capital Financial Statements**



**Workforce ROI Calculator**



**Workforce Planning and Career Path**



**Location Optimization**



**P3 Personality Assessment**



# *The Need*

Companies drowning in data, starving for insight

**Need** = Predictive analytics for a company's

***“Most Valuable Asset People”***

Where does Top Sales Talent come from?

What \$ difference does a good Manager make ?

What critical talent is at risk of departure?

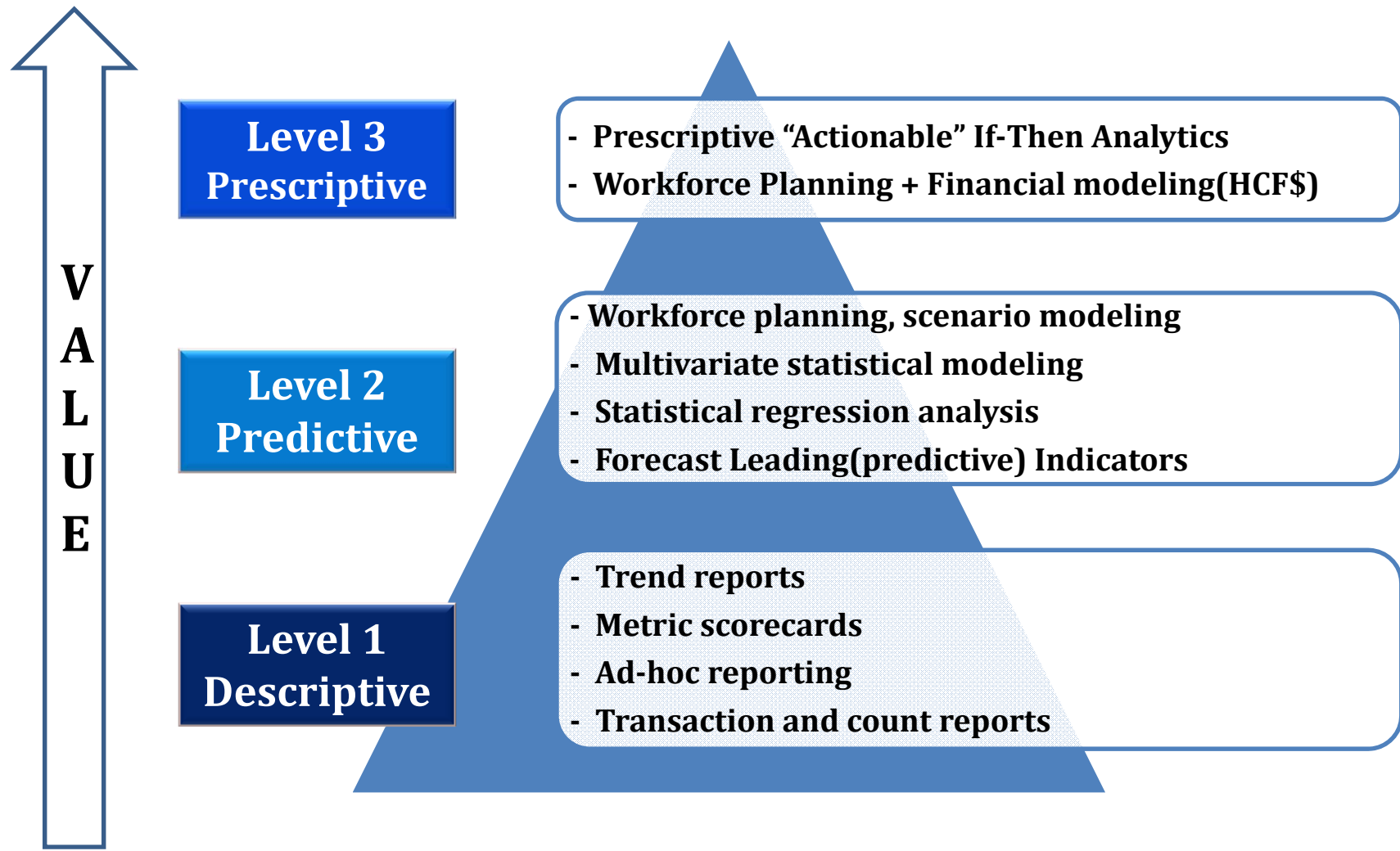
Current BI software lacks **Predictive Analytics**

**#1** Revolutionary Trend in HR *“Workforce Analytics”*

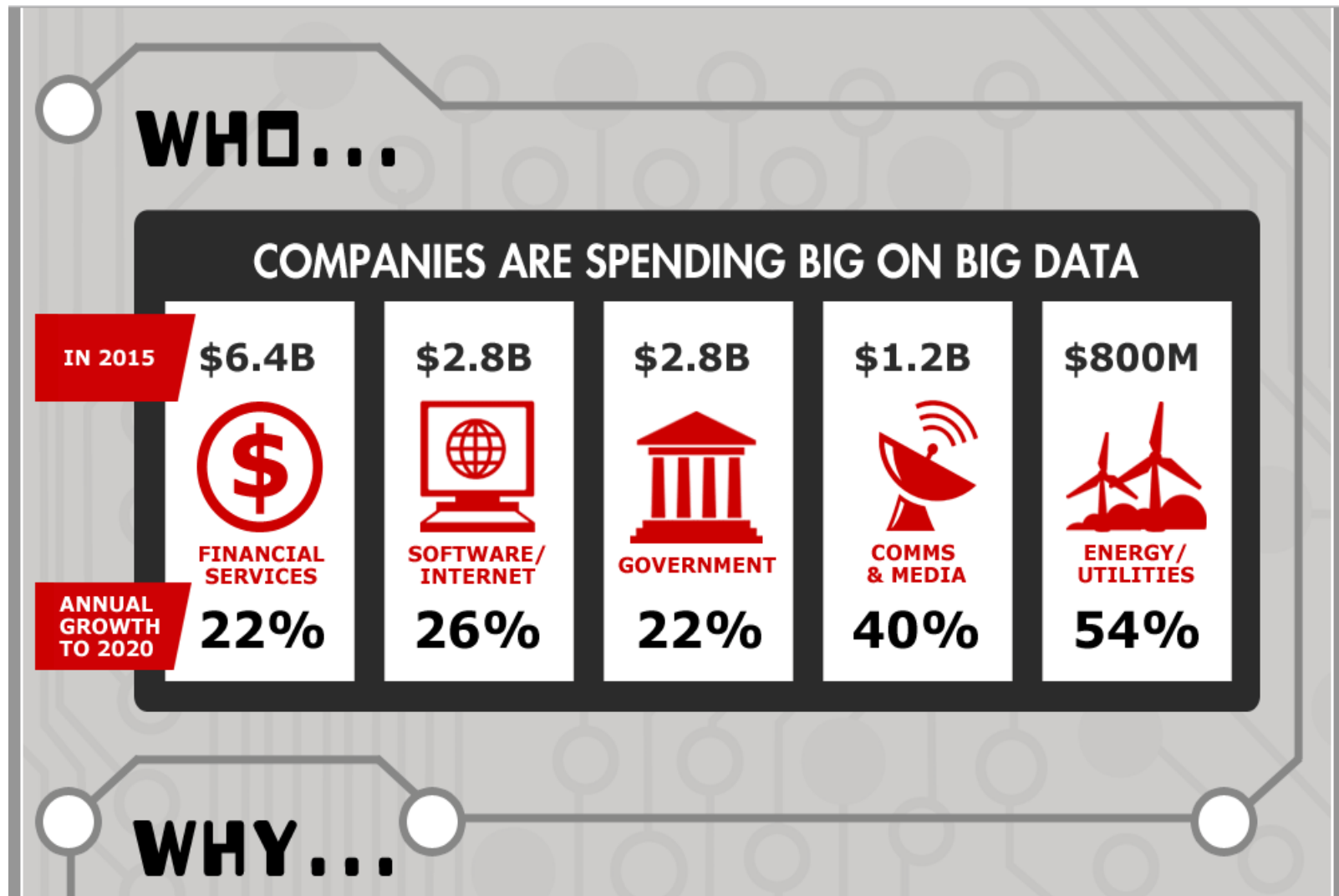
*Deloitte Human Capital Trends Report*



# *Fitz-enz “Levels of Analytics”*

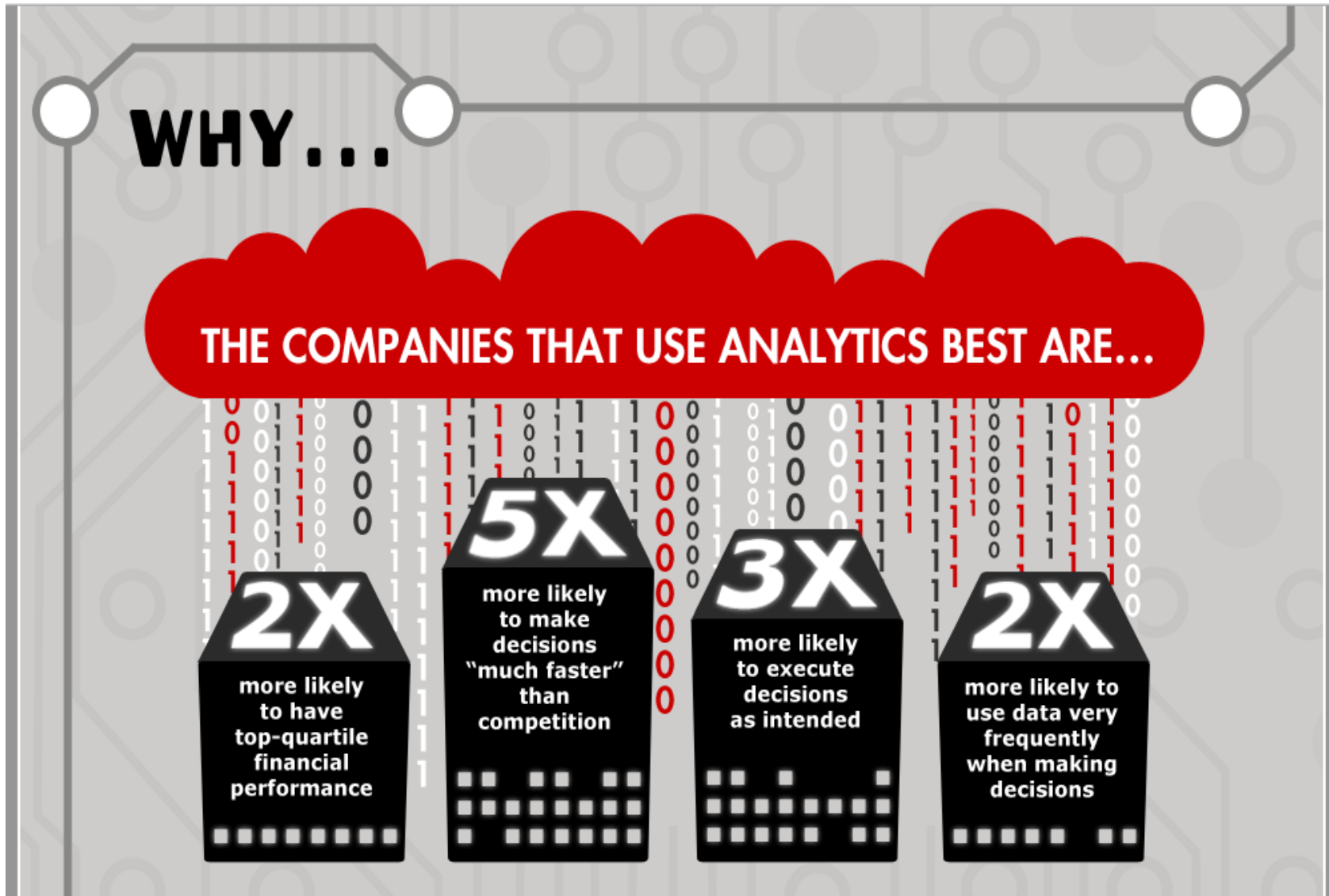


# Why Analytics, Why Now?



Source: Bain & Co. 2013

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# *The Five Keys to a Business Case*



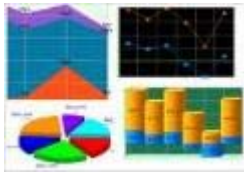
## **1. Compelling Questions**

- Ask the Right Questions



## **2. Objective Measures and Facts**

- Historical Data, Key Metric Indicators, Segmented Data



## **3. Powerful Visuals Charts**

- Chart(s) that Show Insight (i.e. Story) and Drive Action



## **4. Use Qualitative Story Telling**

- “Two of our Top 3 Salespeople came from other industries”



## **5. Link to Business Impact (ROI/Cost/Profit)**

- The Cost Savings is a range of \$1.0 to \$3.0 Million

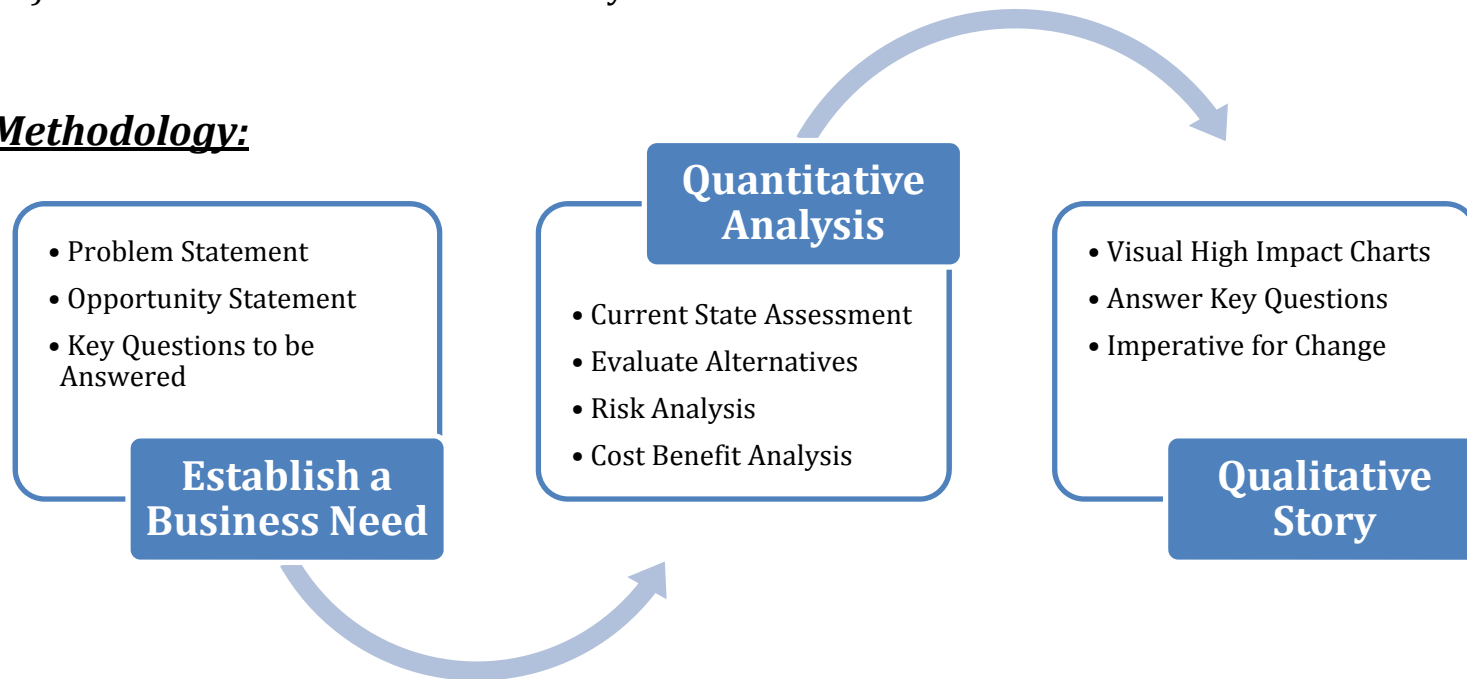


# ***Business Case: Methodology and Key Deliverables***

## **Deliverables:**

- 1) Key Human Capital Questions Identified, Key Performance Indicator Recommendations
- 2) Standards, Governance and Resource Recommendations
- 3) Quick Wins and ROI Opportunities
- 4) Roadmap and Recommendations
- 5) Business Case Presentation to Key Stakeholders

## **Methodology:**

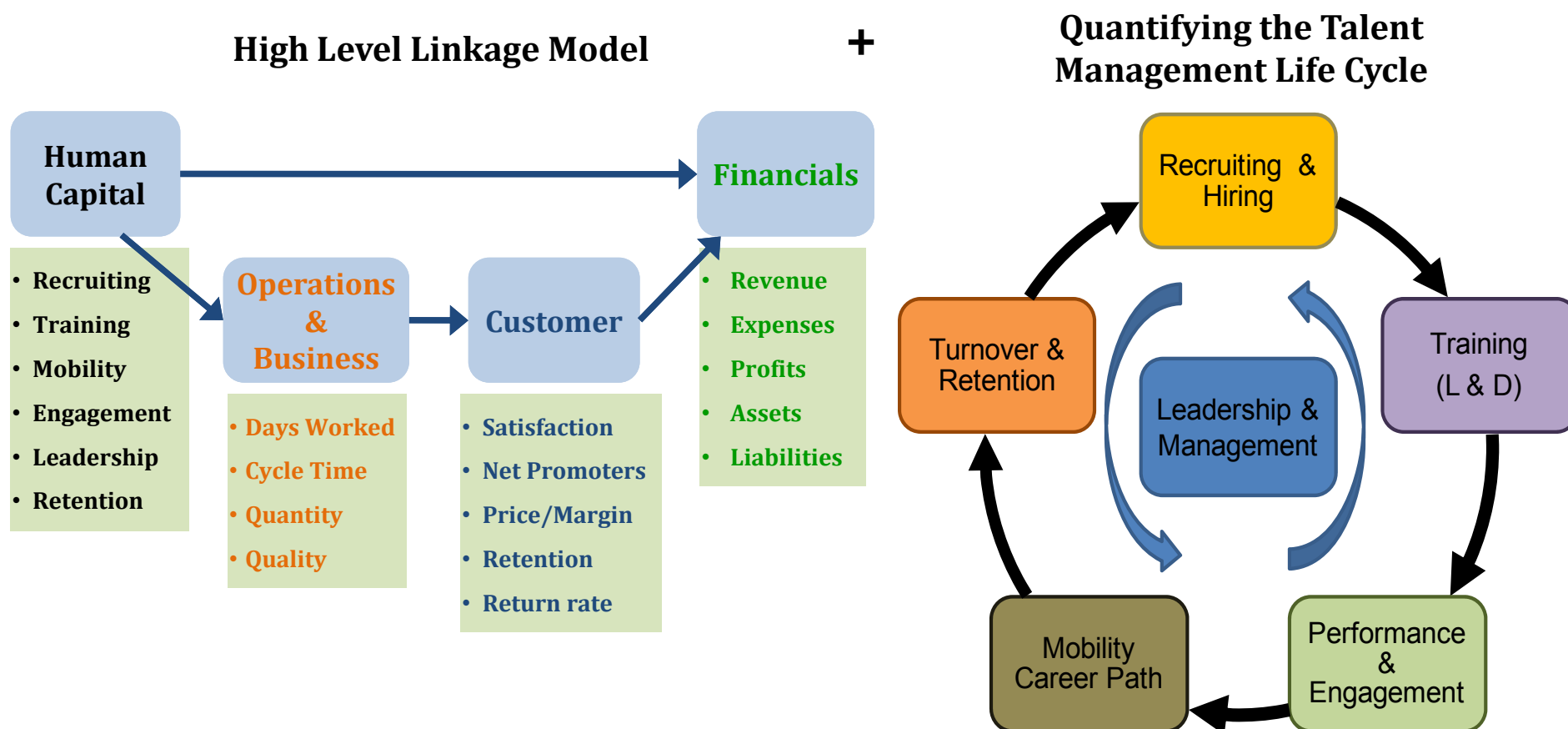


# *Answering Complex Human Capital Questions*

1. Is Workforce productivity improving? If so how much? How do we rank?
2. What size and cost of workforce is needed to support the strategic plan?
3. What \$ difference can a good Manager make ?
4. What critical talent is at risk of departure?
5. What defines our best talent/performers? Is it better to build, buy or rent this talent?
6. What is the ROI of our training investment in the workforce?
7. What are Strategic critical roles (*game winners*) vs. Operational critical roles (*keep us in the game*)?

# Linking HR to Business Performance

How do we go from **Human Capital** to **Financials** with actionable data?



# ***Business and Workforce Strategy Metrics***

## ***Linking Talent Management Strategy***

1. Start with the Business Strategy (Select Key Business Outcomes)
2. Build a Workforce Strategy that links to the Business Strategy
3. Use Workforce Strategy to Select KPIs to Support Key Business Outcomes

<b>Example</b>			
<b>Business Strategy</b>	<b>Workforce Strategy</b>	<b>Key Metrics (KPIs)</b>	<b>Key Business Outcome</b>
<ul style="list-style-type: none"> <li>• <b>Revenue growth</b></li> <li>• <b>Improved Profit Margin</b></li> <li>• <b>Customer Satisfaction</b></li> <li>• <b>Grow Critical Talent</b></li> </ul>	<ul style="list-style-type: none"> <li>• Hire for growth</li> <li>• Retain Talent/Stars</li> <li>• Optimize Workforce Cost</li> <li>• Train to Support Growth</li> <li>• Optimize Talent (Build, Buy, Rent or Outsource)</li> <li>• Raise Productivity</li> </ul>	<ul style="list-style-type: none"> <li>• Quality of Hire index</li> <li>• High Performer Turnover Rate</li> <li>• High Performers % of Workforce</li> <li>• Total Cost of Workforce % of Revenue</li> <li>• Employee Engagement Index</li> <li>• Management Span of Control</li> <li>• Critical Job Role Time to Start</li> <li>• Career Path Ratio</li> <li>• Revenue per FTE</li> <li>• Profit per FTE</li> </ul>	<ul style="list-style-type: none"> <li>• 10% Revenue Growth</li> <li>• 12% Profit Growth</li> <li>• 6% Workforce FTE Growth</li> <li>• Reduced High Performer Turnover</li> <li>• Improved Customer Satisfaction and Retention</li> <li>• 5% or Greater Workforce Productivity Growth</li> </ul>

# Business and Workforce Strategy Metrics

## Linking Talent Management Strategy

1. Start with Business Strategy
2. Create a Workforce Strategy that Drives Business Strategy
3. Use Workforce Strategy to Select KPIs for Workforce Success
4. **Now HR is Ready for an Integrated HR Strategy**

Example			
Business Strategy	Workforce Strategy	Key Metrics (KPIs)	HR Group Strategy
<ul style="list-style-type: none"> <li>• Revenue growth</li> <li>• Improved Profit Margin</li> <li>• Customer Satisfaction</li> <li>• Grow Critical Talent</li> </ul>	<ul style="list-style-type: none"> <li>• Hire for growth</li> <li>• Retain Talent/Stars</li> <li>• Optimize Workforce Cost</li> <li>• Train to Support Growth</li> <li>• Optimize Talent (Build, Buy, Rent or Outsource)</li> <li>• Raise Productivity</li> </ul>	<ul style="list-style-type: none"> <li>• Quality of Hire index</li> <li>• High Performer Turnover Rate</li> <li>• High Performers % of Workforce</li> <li>• Total Cost of Workforce % of Revenue</li> <li>• Employee Engagement</li> <li>• Span of Control</li> <li>• Critical Job Role Time to Start</li> <li>• Career Path Ratio</li> <li>• Human Capital ROI Ratio</li> <li>• Profit per FTE</li> </ul>	<ul style="list-style-type: none"> <li>• Recruiting                             <ul style="list-style-type: none"> <li>• Quality of Hire</li> <li>• Support Internal Mobility</li> <li>• Success Profile Scorecard</li> </ul> </li> <li>• Training                             <ul style="list-style-type: none"> <li>• Critical Roles</li> <li>• Services Training</li> <li>• Internal Talent Growth</li> </ul> </li> <li>• Compensation                             <ul style="list-style-type: none"> <li>• Pay-for-Performance</li> <li>• Service Incentives</li> <li>• Career Path Pay steps</li> </ul> </li> <li>• OD or Talent Management                             <ul style="list-style-type: none"> <li>• Build Bench Strength</li> <li>• Internal Mobility</li> <li>• Leader Talent Metrics</li> </ul> </li> <li>• HR Generalists                             <ul style="list-style-type: none"> <li>• Retain High Performers</li> <li>• Scout Internal Talent</li> </ul> </li> </ul>

# ***Sample: Identified Human Capital Risks***

## **❑ High Turnover Business Impact Risk**

- Growth Risk (*delays finding/replacing high impact roles*)
- Service Level Risk (*Low tenure = engagement challenges, constantly re-learning basics*)

## **❑ Attracting Key Talent Risk**

- Challenges in Hiring (*i.e. IT, engineers, sales people*)
- Failures in selecting best fit talent (*failure to find/hire successful high impact roles*)

## **❑ Stagnant Productivity Risk**

- Workforce Cost Pressure vs. Value Proposition (*i.e. pay/benefits/hours/career*)

## **❑ Leadership and Development Risks**

- Mid-level and Front Line Leadership Mediocrity  
(*i.e. leaders who are just good enough vs. highly engaged leaders who get more from their team*)
- Breakdown in Leadership Accountability – cannot link supervisors to negatives  
(*i.e. turnover, low engagement, absenteeism*) vs. positives (*i.e. talent scouts, motivators, mentors*)

# Sample: Quick Win Pilot Project Opportunities

**Turnover/Retention:** Identify the Key Drivers of Turnover/Retention

- Quantify cost of turnover for high impact, high volume jobs

**Recruiting:** Profile Best Performers (*i.e., customer satisfaction, cultural fit, drive, service focus*)

- Quantify the profile of the high performing call center representative



**Engagement:** Link Financial Impact of Employee Engagement (*10% engagement gain = \$\_\_\_\_\_*)

**Leadership:** ROI of Strong Leaders / Leadership Effectiveness

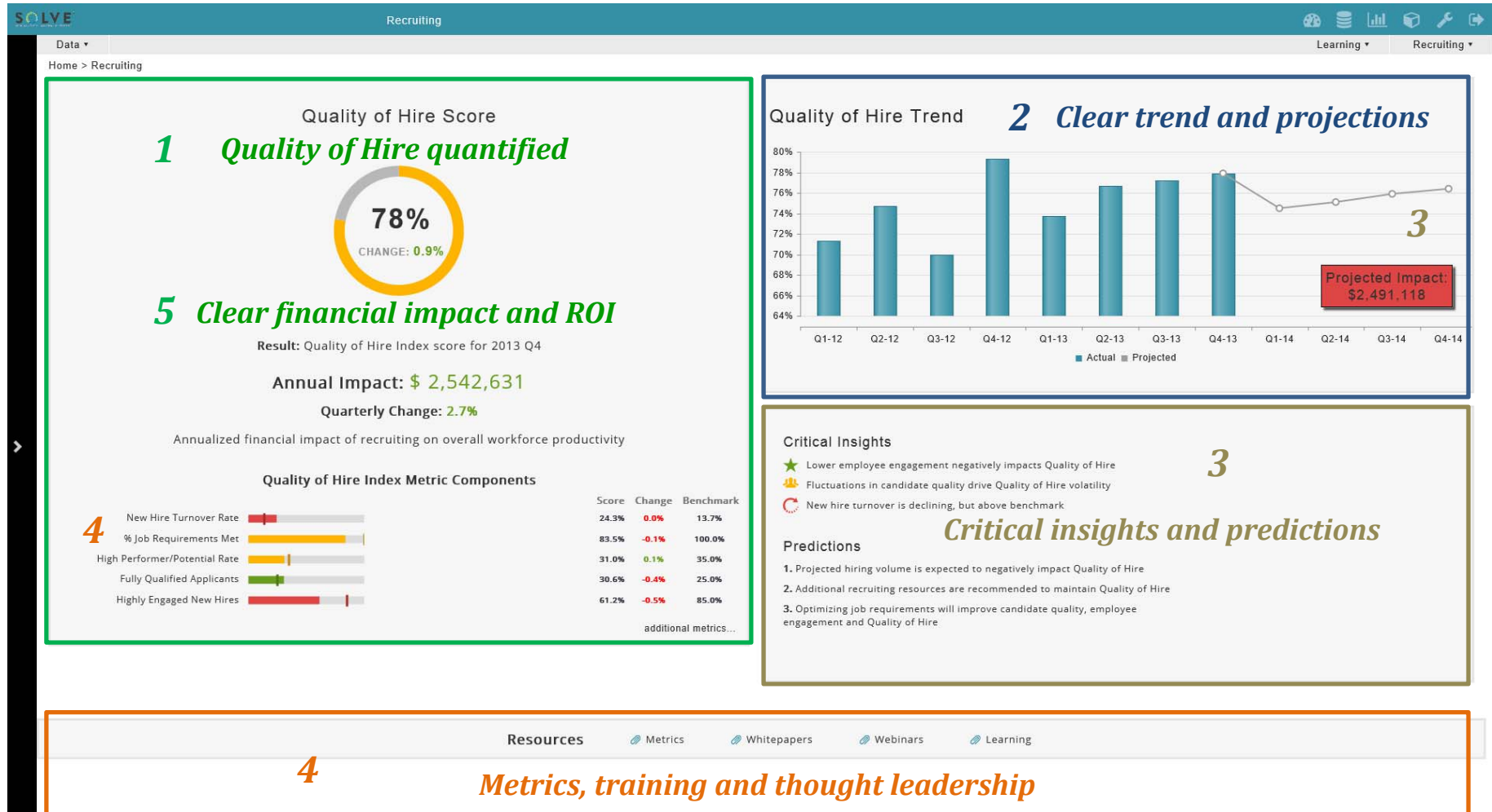
- Store manager leadership impact (*what financial impact do great managers have?*)
- Leadership impact on talent attraction, talent development, engagement, performance, mobility, career path, and retention
- ROI of leadership training



# Sample: Dynamic Business Case

## In a Predictive Analytics Dashboard

Key Questions: What is our Quality of Hire? Are we hiring better talent? ROI in 5 Steps:





# *Business Case Template*



## Step 1

- State the problem or issue to be addressed

## Step 2

- List supporting data, metrics, charts, and analyses to be used

## Step 3

- Estimate the “as is” cost (no interventions)








## Step 4

- List and evaluate proposed interventions

## Step 5

- Estimate the cost, cost saving and ROI of each intervention

## *Example Talent Analytics ROI*

 15% Productivity Gain, Reduced Loss Rate ( <i>Fortune</i> <sup>™</sup> 50 Transportation Company)	<b>\$1.1 Billion Annual</b>
 5% Reduction in Cost of Workforce (TCOW) ( <i>Fortune</i> <sup>™</sup> 30 Technology Company)	<b>\$650 Million Annual</b>
 Sales Training Predictive ROI (Large Retail Co.)	<b>\$250 Million Annual</b>
 Predictive Hiring Metrics for Sales Stars (\$1.0 Billion Privately Held Bank)	<b>\$264 Million Annual</b>
 Employee Engagement Revenue Impact (\$1.0 Billion Public Airline)	<b>\$96 Million Annual</b>
 40% Voluntary Turnover Reduction (Public Financial Services Co.)	<b>\$12 Million Annual</b>
 ROI of Internal vs. External Hires (Public Bank)	<b>\$6 Million Annual</b>

## Contact Information:

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#### HCMI Training Schedule 2016:

Workforce Analytics - <a href="#">Register</a>	June 1 - 2	New York, NY
Workforce Planning - <a href="#">Register</a>	August 17 - 18	Denver, CO
Workforce Analytics - <a href="#">Register</a>	October 25 - 26	Dallas, TX

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