



Knowledge is power

Talent analytics can help you communicate with the board and predict the future

In God we trust. Everyone else has to bring data." These words, most recently used by Eric Schmidt, Executive Chairman of Google at Zeitgeist 2011 describe a truth across every part of business, with HR being no exception.

The most common problem for the human resources profession is proving the significance of its metrics. With budgets tightening, it has become increasingly difficult for HR directors to communicate the importance of good quality - and potentially expensive - talent management to the board.

As Rupert Morrison, CEO, Concentra puts it: "HR often doesn't even have a seat at the board and if they do, it's not a very persuasive one, and a lot of that is driven by the fact that HR doesn't have numbers to back up their arguments, whereas Finance does. In the boardroom people use numbers as the art of persuasion."

Having good talent analytics helps HR support its arguments effectively to those that make the big decisions. The board may only speak numbers, but talent analytics provide the translation needed for effective strategies to be put in place. This translation is essential - roughly three quarters of

a company's spend will go on its people, and it is important to manage these people effectively.

This is supported by MIT Sloane's report, *Analytics: The New Path to Value*, which found that businesses were twice as likely to be a top performers if they strongly agreed that the use of business information and analytics differentiates them within their industry. Furthermore, the report found that top-performing organisations use analytics five times more than lower performing organisations.

Clearly, having data is a benefit for companies, but is it just because it allows HR to be heard or are there other benefits from collecting information about your workforce?

SHL's Chief Science & Analytics Officer, Eugene Burke, says that having data can allow companies to look forward and make accurate predictions regarding their talent. "If you are looking at future leaders you need something that is going to tell you what their potential is to be effective as future leaders" he says.

Without the ability to look ahead "you become very reactive," says Carole Donaldson, Manager, Resourcing, The John Lewis Partnership. When recruiting, "you could find that because you don't understand what talent is and where it is, >>



you don't go to it, so you might recruit externally for a position and then find out you had the ideal candidate somewhere else in the business, but they didn't know what the job looked like, and didn't apply."

This comes from a common mistake made by HR departments – they don't access the data that they already have. Particularly when recruiting, vast amounts of data about the new employee is collected, only to be stored away and never accessed again. Chris Phillips, Vice President, EMEA, Marketing, Taleo, says: "Data is very useful for understanding and developing someone's career within the organisation after you've hired them. But, quite often, it will sit in the recruiting position or a spreadsheet or on a piece of paper somewhere and after they are hired no one ever goes back to it, or even has access to it."

Avoiding these kinds of mistakes translates to further savings for the organisation. Talent analytics not only helps to prove the value of other strategies to the board by acting as a translator, it can also be used as a financial benefit in itself by predicting the future of an organisation's talent – made easier with

regular access.

The predictive piece of analytics can be expanded further from the performance of individuals to the performance of the company as a whole. Burke explains that with SHL's systems companies can compare themselves to their industry: "By knowing something about the profile of the top talent for their industry, and how their top talent stacks up against that, we can tell them what the likely future scenarios are, what they are likely to experience in the future, and how to address those."

While having an effective talent analytics system is beneficial for the talent within a company and the company as a whole, not having any data could have a much greater consequence than just a lack of vision.

Without the relevant data, an organisation won't be able to look forward, or at its current competition but, what is worse, without data an organisation may lose its talent without knowing why.

Stuart Hearn, Commercial Director, Vaado Software, explains that one reason for a lack of data about talent could be when "the organisation has never defined 'talent' for itself, and therefore >>

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wouldn't recognise it. As a result, the organisation won't nurture and develop talent, and will ultimately lose it from the enterprise."

This is supported by Taleo's *Talent Intelligence – Key to UK Business Success* report, which suggests that only a third of employers have access to reliable data on the quality of hires, despite measuring the time-to-hire. This means that two thirds of companies are unaware of the talent they have within their organisation, making it clear that it isn't enough to just collect data – the data must be relevant.

Morrison uses the example of an employee engagement survey conducted annually to illustrate this point of irrelevant data: "What would be better is to sample employee engagement and do it on a monthly basis and look at trends. High-performing people are leaving - was that predictable from the engagement survey? Are disengaged people likely to leave? What type of disengaged people? And what are their reasons for being disengaged?" With proper, detailed analysis, he says, you can actually do something to counter any problems discovered.

Donaldson agrees. She sees talent analytics

adopting a more detailed approach in the future: "I think it's going to get more sophisticated and move away from the very hard facts, to having a bit more of that depth to it – understanding where your skills are and where your experience needs to be to help you. I still don't think we capture some of the hidden talents that partners have. My ultimate would be finding a way of getting into partners' psyche in terms of where are their talents."

Although the application of talent analytics has some way to go, there are clear benefits from using the kind of data already available, from helping to communicate HR strategies to the board to predicting the future for the organisation's entire talent pool. The caveat is that these benefits can only be achieved if the recorded data is relevant and analysed frequently.

Talent analytics used in the right way can help HR departments move forward. In fact, effectively harnessing people data may be the only way to progress the industry. As Phillips says: "Talent analytics is right at the heart of the evolution of HR and people and talent management." 6

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