
Industry White Paper

*SHL Talent Analytics*TM

Data-driven talent insights that boost business performance

Talent analytics

Understand the effectiveness of your talent and talent processes relative to your competition.

If it is your priority to drive competitive advantage through talent management this is an approach you will want to understand and apply in your own organization.

Until recently, talent management benchmarking has focused on efficiency measures: cost per hire, time to hire, and so on. SHL Talent Analytics™ benchmarks are based on effectiveness measures: the potential of your workforce to achieve organizational objectives. Organizations can already access tools that help them understand the efficiency of their processes, but now we can help customers understand the effectiveness of their processes by benchmarking the quality of their hires – the potential bench strength of their talent, as well as weaknesses or gaps against those outside the organization.

SHL Talent Analytics™ is the “next evolution of talent assessment”, according to the Aberdeen Group

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Why should you care?

The president of a prominent U.S. asset management institute was fond of bolstering the staff in town hall meetings by saying “Our greatest asset gets up and walks out the door every night.” Sound familiar? He was of course referring to ‘our people’ and acknowledging their value in comparison to billions of dollars under management. Spoken frequently, but understood and acted upon too seldom, the much-used cliché ‘Our people are our greatest asset’ describes the true competitive advantage on which all companies today should focus.

Unfortunately, not every organization acknowledges the worth of its people; or if they do, they are unsure how to quantify, replicate or sustain talent. That is where an injection of people intelligence is crucial.

Industry analysts Bersin & Associates define people intelligence as “the collected body of information on an individual over the course of that individual’s affiliation with an organization – from pre-application through emeritus stages.” Acquiring this kind of business intelligence is a noble goal to be sure, but only possible with well thought-out talent management processes in place. A component of such a process would be assessment: measuring people to predict a specific outcome in the workplace.

It’s pretty simple really. Best-in-class companies large or small are trying to reach the same optimal state: a point where they have people throughout the organization who can best perform a specific job, ideally both now and in the future as talent mobility needs arise.

However the question remains: if everyone is competing to acquire, develop and retain the same ‘top talent’, how does an organization rise above the fray to reach best-in-class or high-performance status? Organizations could start by designing talent management processes based on solid evidence and talent analytics.

SHL Talent Analytics™ is the “next evolution of talent assessment”, according to the Aberdeen Group (October, 2011 Market Alert). The report goes on to say that one of the key features of the talent analytics offering is the ability to look at the pipeline of talent to give the organization insights into whether or not there are enough people with the potential to support future business – even within a timeframe.

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Processes to assess people along the *hire-to-retain* lifecycle exist in 80% of the FORTUNE Global 100.



Winning the ‘war for talent’

The answer to the question ‘how do we win the war for talent?’ is ‘know thy self, know thy enemy’¹. Effectively getting to that answer in a talent management context requires the use of analytics.

The ‘Know thyself’ component – how effective your organizational talent strategy is – can be critical to ongoing business success. The Aberdeen study noted top business challenges companies face today:

“Among the top 10 challenges identified, the six highlighted in bold are all talent challenges. These represent critical points of friction that can prevent an organization from achieving optimal organizational results.”

Business challenges

1. Economic conditions
2. **Ability to execute strategy**
3. Increases competition
4. **Retaining key employees**
5. Rising operational costs (wages, materials, transportation etc)
6. **Improving employee engagement**
7. Market volatility
8. **Shortage of key skills available in the market**
9. **The ability to identify key employees**
10. **Workforce productivity**

Each of the six highlighted challenges in Aberdeen’s findings can be addressed with talent analytics. Insights provided by assessment data are taken a step further through access to a global database of talent data, which allows organizations to benchmark their workforce performance and drive better decisions.

Bersin’s findings are in line with Aberdeen: “We see great value for those companies that use assessments throughout the employee lifecycle, and even greater value for those organizations which use this data at the macro level to understand their overall workforce effectiveness, as well as their competitive positioning in the market.”

Which takes us to the second part in winning the talent war: ‘Know thy enemy’.

Analyzing how your people perform relative to top performers in other companies or industries can provide critical insights for senior decision-makers, HR leaders, and front-line managers.

This enables you to understand how high you should be setting the bar for your talent; and highlights the areas where your talent and your talent management processes need to be improved to drive competitive advantage.

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¹Sun Tzu, “The Art of War”, translated

Adding high value insights

Dr. Charles Handler of Rocket-Hire, a prominent assessment analyst, explains it this way, “The dawn of big data, business intelligence, and analytics is by far the most important thing going on in assessment today. [Organizations benefit from] the ability to use data to identify trends and make predictions to increase efficiency and effectiveness.”

SHL Talent Analytics answers key questions like:

- How do my managers stack-up against the competition?
- Is my employment brand attracting the level of people we need?
- Am I attracting the top talent in a given geography or a specific job function?
- Does my current employee base have the skills and capacity to accelerate change?
- Do I really know if talent issues are putting my business at risk?

Eugene Burke, Chief Science and Analytics Officer for SHL, explains the evolution of talent analytics further, “The field of analytics has come a long way since the 1980s, evolving from looking at what happened to why did it happen and what’s happening now? Today, analytics has moved to the most important question in these turbulent and challenging economic times – what will happen next?”

Strength in numbers

Gathered over the course of thirty-five years as a global assessments provider, SHL Talent Analytics data contains over 80 million data points drawn from world-class organizations in 30 countries around the globe, including 40% of the Fortune 500 (US), 80% of the FTSE 100 and 50% of Global Fortune 500. The accumulated data allows SHL to show a clear picture or profile of what top talent looks like across industries, geographies, by business function and by job level.

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*Dr. Charles Handler,
Rocket-Hire*

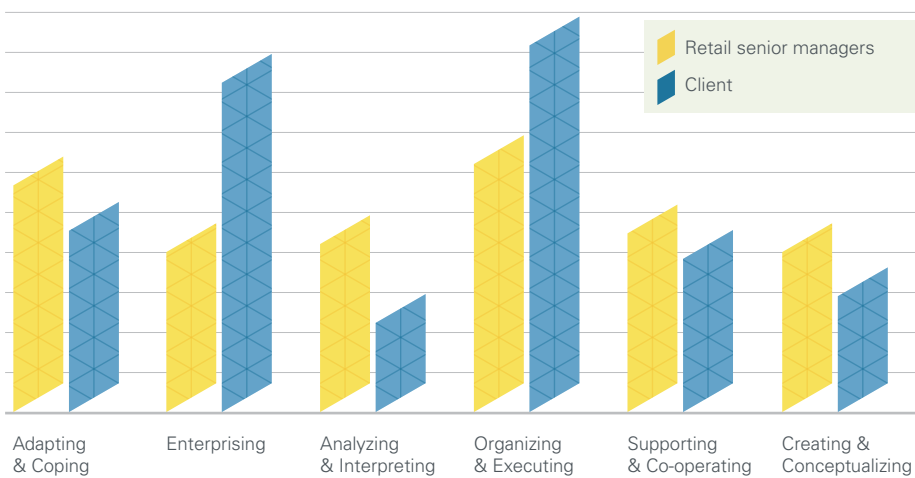
An SHL assessment is delivered every second of every day *worldwide*



Numbers in action

Let's look at an example of the output from benchmarking a retail organizations senior managers against the SHL benchmark for this sector and job level.

SHL Competency Benchmark



This customers senior management group showed clear strengths in 'Enterprising' and in 'Organizing & Executing' compared to the retail senior manager benchmark. However, the organization needed to address underlying talent gaps in 'Adapting & Coping', 'Analyzing & Interpreting', 'Supporting & Co-operating' and 'Creating & Conceptualizing'.

What did this mean for the customer? To answer this question you need to have some background insight into the company, its strategy and objectives.

In this case example, the customer was facing significant change over the next 12 months as a result of a large acquisition and impending re-organization. Change of that magnitude weighed heavily on the findings. The customer was below bench strength in the area of 'Adapting & Coping' and 'Supporting & Co-operating', which called into question whether the senior managers would be able to bring their people through this time of change. Additionally, the group's strength in the area of 'Organizing & Executing' was offset by their relative weakness in the area of 'Analyzing & Interpreting' – causing concern around their capability to focus their energies on the most critical issues.

This external benchmark of the organizations capability had an immediate and powerful impact on the senior management talent strategy. The behaviors required to drive and manage the organizational change were re-enforced in the existing development and recruitment approaches. The success of this approach was borne out 9 months later when a follow-up benchmark report showed good improvement in these areas.

As you can see, what you get from SHL Talent Analytics is not merely a series of charts, it is a series of insights into key talent questions. In addition to the benchmark data, SHL Talent Analytics has built-in Insight Reports focused on two main areas: Quality of Hire and Leadership Pipeline (aka Talent Mobility). These reports are designed to answer talent management questions critical to the specific organization.

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The next frontier

This new offering brings an entirely new dimension to any existing use of talent analytics data – giving a breadth and depth to predictive analytics that has been missing. The power and innovation of SHL Talent Analytics lies in the extraordinary wealth of its talent database and its ability to provide answers to key talent questions. This is also supported by giving customers direct access to information via an easy to use online tool that creates reports through slicing and dicing the data in useful ways to inform business decisions.

In conclusion

People drive performance. The most successful organizations know this. They also know that talent needs to be measured and understood in order to improve. Some organizations have been successful in gaining insight into their people's potential or value but few have been able to get a rigorous metric on how well their talent compares to the marketplace. Without knowing this how can you drive competitive advantage?

SHL Talent Analytics delivers this external view. It provides organizations with insights around the bench strength of their talent against key organizational requirements and enables them to compare their talent to their competitors. In doing so organizations are enabled to make better decisions about people, and people strategies, in order to drive competitive advantage.

In their 14th Annual Global CEO Review , PricewaterhouseCoopers laid out a critical challenge to HR: 'The talent crisis is no longer a problem of the future. It is here and now and is threatening business growth and economic prosperity. How HR responds will determine whether the organization thrives (or even survives) in the next phase of global economic development and shift.'

Talent Analytics ensures organizations understand the nuances of their people, which should in fact be the biggest differentiator they will ever have. Now, at last, organizations can measure the value of their 'greatest asset'.

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