Aligning HR Analytics to Business Objectives
Agenda

- Identifying **what matters** in your organisation and tailoring your analyses to **add value to the business**

- Finding the link between **business problems** and workforce trends to produce **valuable recommendations**

- How to produce **business-focused hypotheses**, interpret your results and deliver **business-driven insights**
Michael Cox

Highly experienced leader of various HR Departments within Nestle UK & Ireland, including Shared Services, Training & Learning, Compliance, International HR and now HR Analytics.

HR Background (former HR Business Partner in the famous Nestle York factory – birthplace of the Kit Kat)

Integral in implementing HR Shared Services (Centre of Scale) & HR Analytics within Nestle UK & Ireland

Experienced project implementation strategist and manager.

- Lives in York, UK
- Head of HR Analytics & Employee Services
- Qualified Greenbelt (Lean/Six Sigma)
- Joined Nestle in 2004
- BA (Hons) Human Resource Management
We make...
World’s largest food and beverage company

- CHF 92.2 billion in sales in 2013
- 333,000 employees in over 150 countries
- 447 factories in 86 countries
- Over 2,000 brands
- 1 billion Nestlé products sold every day
Nestlé UK and Ireland

• £2.6bn turnover in 2013
• 8,000 employees (including our sister companies)
• 21 sites including offices (14 manufacturing sites)
Our Brands in the UK

• £361m worth of exports to over 50 countries in 2013

• Over 84 brands including the UK’s favourites KIT KAT and NESCAFÉ

• 97% of UK Households consumed Nestlé products in 2013

• More than two billion Nestlé products are sold every year in the UK
Our Products in the UK
Identifying what matters in your organisation and tailoring your analyses to add value to the business
Deloitte HR Strategy Framework

Define human capital value
1. Understand the business strategy
2. Define HR strategy

Deliver value
6. Ensure right HR service delivery model
7. Establish right HR capabilities
8. Improve HR operational excellence continuously
9. Build HR brand
10. Measure impact of HR products and services

Align HR products and services
3. Segment HR customers
4. Prioritise HR investments
5. Design HR services

Source: Deloitte. (click here to see Deloitte's model)
Business planning for HR (Alignment)

- Global HR priorities
- Zone priorities
- Business Strategy
- External Operating Environment
- Functional Priorities

People Plan

- HR Strategy: Focused few
- Operational Review Process
- Sustain Plan: Business as usual
## Measurement (Strategic, Aligned & Cascaded Measures)

### People Strategy Measures
These are measured at Mancom level and are the improvement /step change expected from the implementation of the Market’s People Strategy

- Annual Development Plan Quality Index

### HRLT (HR Functional Measures)
HR Functional Measures at HR Leadership Team level that support improvement/compliment the market people measures

- Annual Development Plan Quality Index
- % Development Spent on Target Population

### HRBP Dashboard (People Strategy/HR Functional Measure)
A mixture of People Strategy measures and HR Functional measures a Business Partner will use within their team to drive improvement

- Annual Development Plan Quality Index
- % of target population using coach/mentors

### Centre of Excellence (HR Functional Measures)
HR Functional measures at CoE level that support improvement/compliment the market people measures and HRLT measures

- Engagement
- Development Plan Completion Rate

### HR Operations (HR Efficiency Measures)
HR Functional measures which monitor the effectiveness and efficiency of the people processes that relate to the market people strategy measures

- Annual Development Plan Completion Rate
- Training Effectiveness (Fill, Cancelation, Approval Rating)

### Line Manager’s Measures
Measure that each line manager will be held accountable for and cascade from the market people measures.

- Annual Development Plan Quality (Bonus Hurdle)
Measurement (Strategic, Aligned & Cascaded Measures)

Annual Development Plan Quality Index (availability)
% of employees who have an Annual Development Plan

- 2012: 67%
- 2013: 95%

Annual Development Plan Quality Index (effectiveness)
% of employees having an effective or highly effective Annual Development Plan

- 2012: 47%
- 2013: 83%
HR Analytics Team (Types)

**Analytics**
It’s the process of converting information into knowledge

**Reporting**
It’s the process of converting data into information

**Types of Analytics**

<table>
<thead>
<tr>
<th>Descriptive</th>
<th>Diagnostic</th>
<th>Predictive</th>
<th>Prescriptive</th>
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**Method:**
- Graphical
- Statistical
- Algorithms
- Models
Without Strategy or Context... Big Data and Analytics are just Data-Mining

Use a small number of top priority strategic metrics to drive HR Analytics to provide insights
Finding the link between business problems and workforce trends to produce valuable recommendations
Imagine you are suffering from a deep pain…

Would you go to the doctor?

But… would you explain to the doctor what’s your problem and expect him to try different random treatments until they find the right one?

(Andrea Dommers-Nilgen, 2013, Using Big Data to Create Value to Your Customers)
Data driven approach of Analytics

Typical Question:

- I have a lot of data.
- What can I do with it?
Data driven approach of Analytics

Data Sources → Business Information → Business Problem → Business Solution

Typical Outcome Customer:

- Expects ready-made solution
- Does not understand the logic behind the data
- Has other needs
- Is not ready to make changes to business processes
What a good doctor would do...

✓ Asks about pain
✓ Understand what is happening
✓ See the medical history of the patient
✓ Makes diagnosis based on:
  ➢ Research
  ➢ Experience
✓ Knows medicine and treatments
✓ Agrees best approach
✓ Asks for later feedback
Business problem driven approach of Analytics

Typical Question:

- What are the customers’ most aching pain points?
- What are the most troublesome business processes?
- What are the areas the customer can’t cover with own resources?
- What part of the HR Strategy needs further insight
Business problem driven approach of Analytics

Clearly defined outcomes:

- Focused approach
- Knowing what the customer needs most
- Easy to implement in a comprehensive platform
How to produce business-focused hypotheses, interpret your results and deliver business-driven insights.
Use a consistent methodology

(Kevin Long, 2013, Big Data : A Practical Guide, Teradata)
Our consistent methodology

The purpose of our methodology is to make

- Sustainable
- Measurable
- Efficient / Effective
- Realistic

HR Analytics’ products be:

- Compliant
- Scalable
- Visible and Usable
- Flexible

Implementation / Follow-up

Business Case
Support the HR Strategy

Inquiry / Approval

Present Results / Findings

Data Mgmt./ Collection and Analysis

Contracting and Method
**Business Case**

- Always start from a pain point
- Have the Business Case clearly defined at the outset of the project
- Be clear about what the analysis will drive in terms of actions
- Understand the scope of the project

- Be clear about the outputs
- Separate the ‘Must haves’ from the ‘nice to haves’
- It is the requestor who needs to formulate the business case

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**Implementation / Follow-up**

- Present Results / Findings

**Business Case**

- Support the HR Strategy

**Inquiry / Approval**

- Data Mgmt / Collection and Analysis

**Contracting and Method**
Inquiry / Approval

- Determine resource requirements
- Have clear visibility on existing commitments
- Transparency: cascade strategy project priorities & assessment criteria to HR Leaders
- Have a robust governance process to ensure projects are based on business need

- Use a prioritisation matrix to ensure projects are aligned with functional & corporate strategies
- Create an escalation process

Implementation / Follow-up

Present Results / Findings

Data Mgmt / Collection and Analysis

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Contracting and Method
Contracting and Method

Use consultancy skills to:
- Unpick ‘requestor’ assumptions
- Refine output requirements & content
- Manage expectations of stakeholders
- Get to a hypothesis / problem statement
- Responsibility assignment matrix (RACI)

- Outline project timelines
- Determine resource requirements
- Do this in a formal & documented way, directly with the requestor to ensure expectations are understood by all and no ‘Chinese whispers’ or snowballing
Data Management / Collection and Analysis

- Work with Subject-matter expert for context and knowledge - understand your data
- Scope out data sources before final project brief is signed off to ensure feasibility
- Assess data quality & gaps but don’t wait for perfection

- Use a consistent extraction / population criteria
- Identify the appropriate analytical method & tool
- Standardise your work, e.g. calculations, version control for reproducibility & accuracy
- Have a project modification freeze period to minimise rework as far as possible

Implementation / Follow-up

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Data Mgmt / Collection and Analysis

Contracting and Method
Present Results / Findings

- Don’t forget to validate and evaluate findings before drawing conclusions
- Visualisation & story telling are key to getting buy-in (Stephen Few on Data Visualization)
- Understand the audience & adapt accordingly
- Be ruthless, do not display all information
- Transparency: Be clear about the basis of findings, and limitations / next steps
- Ensure the implications of the findings for the audience are clear
- Work with stakeholders to ensure expectations are met around key messages
Implementation / Follow-up

- This might be a tough conversation
- Determine the level of follow up work required at the outset of the project
- If objectives change, or no actions taken, might need to be reassessed by Governance
- Calculate the ROI of the project
- Get feedback from your audience and key stakeholders & make improvements
- Have a post-project wash-up to capture successes and learnings
- Involve your customers in the action implementation plan

Data Mgmt / Collection and Analysis

Present Results / Findings

Business Case
Support the HR Strategy

Inquiry / Approval

Contracting and Method
Case Study: Predicting Quality of Hire

Support the HR Strategy

- Need to bring in top talent
- Confirm functionality and best practices of recruiting process
- Concern with phone screens from some hiring managers

Project approved
- What parts of the recruitment process vary?
- What is quality of hire?
- Met with all of recruiting team (Map the process)
Case Study: Predicting Quality of Hire

Contracting and Method
- Identified recruiters could fill out a survey
- Quality of hire rated 3-6 months later
- Rules of statistics-need over 100
- Contract agreed

Data Mgmt / Collection and Analysis
- Collecting data + Lots of vlookups
- Correlations (predictive): just about all of it
- Group the types of candidates in 3 and used ANOVA
- Other Statistical methods including predictive models
Case Study: Predicting Quality of Hire

- Improve effectiveness of Phone Interviews
- Use a Predictive model to identify Competencies
- More effective measurement: Quality of Hire
- Increase hiring manager’s satisfaction
- Improve influx of talent pipeline
Take away / Key points

Have patients with clear strategy

Be a good Dr. Analytics and have great hypotheses, do not jump into the data beforehand

Have a consistent methodology to deliver high standard Analytics
Thanks for your attention