Using Metrics to Improve HR’s Business Impact

The Story You Want to Tell and the Action You Want to Drive
HR most effectively drives its strategic effectiveness through three critical communication behaviors.

- “Insight” relies on the use of data-driven business information and a deep understanding of business operations to develop tailored solutions.
- “Influence” on the line starts with clearly setting service expectations, articulating a strong point of view, maintaining an enterprise viewpoint, and communicating relevant information.
- “Accountability” for outcomes entails the completion and communication of predefined objectives and effective management of human capital outcomes to deliver business impact.

Three Categories of Effective HR Communication Behaviors

<table>
<thead>
<tr>
<th>INSIGHT</th>
<th>INFLUENCE</th>
<th>ACCOUNTABILITY</th>
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<tbody>
<tr>
<td>Use Data-Driven Business Information</td>
<td>Set Service Expectations</td>
<td>Be Measured on Completion of Predefined Objectives</td>
</tr>
<tr>
<td>Tailor Solutions to Business Needs</td>
<td>Communicate Business-Relevant Information</td>
<td>Be Measured on Business Unit Human Capital Outcomes</td>
</tr>
<tr>
<td>Understand Business Operations</td>
<td>Articulate a Strong Point of View</td>
<td>Be Measured on Business Unit Financial Performance</td>
</tr>
<tr>
<td>Maintain an Enterprise Viewpoint</td>
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</table>
Why Use Metrics?

Workforce metrics allow HR to drive leader accountability for talent outcomes.

PBG measures the quality and depth of the talent bench ("strength"), as well as the health of the organization’s culture and work environment ("health"), to achieve a holistic talent assessment for each business unit.

- PBG measures the number of ready-now successors per business unit and the degree to which the leader shares talent to focus leaders on business unit and organizational-wide talent outcomes.
Death by Data: The Metrics Challenge

“Organizational analysis often overdoes data collection and underdoes analysis and action. Reams of data are collected, reports are generated, statistics are presented; but, because the data remains unfocused, little action follows.

Data should be turned into action as the diagnosis process unfolds, that is, as common themes are identified, as managers with decision-making responsibility take ownership of the data, and as alternative actions are proposed.”

Dave Ulrich

What is Standing in Your Way?

Our Goal:
Partner with our internal clients to deliver on the university’s objectives

Obstacles:
End-to-End Process for HR Metrics

STEP 1: Select Strategy-Aligned HR Metrics

STEP 2: Collect and Benchmark Data

STEP 3: Communicate Results

STEP 4: Inform Decisions
HR Metrics Process

Phase 1: Select Strategy-Aligned HR Metrics
Action Steps:
- ✓ Assess Business Requirements for HR
- ✓ Identify Measurement Areas
- ✓ Review Common HR Metrics
- ✓ Evaluate Potential Metrics

Phase 2: Collect and Benchmark Data
Action Steps:
- ✓ Standardize Metrics Definitions
- ✓ Build a Process for Tracking Metrics
- ✓ Translate Raw Data
- ✓ Use Internal and External Benchmarking Resources

Phase 3: Communicate Results
Action Steps:
- ✓ Equip HR to Communicate Effectively
- ✓ Identify Audience for HR Data
- ✓ Use Data to Tell a Story

Phase 4: Inform Decisions
Action Steps:
- ✓ Build HR Dashboard
- ✓ Customize HR Dashboards
- ✓ Use Dashboard to Communicate with the Line
To translate data into a story, HR must contextualize the results and identify its relevance to the audience.

### Three Stages of Story Telling with Data

#### Stage 1: Setting the Scene
- What is the current state?
- How does the current state compare with the past state and the goal state?
- How does the current state compare with external benchmarks?

#### Stage 2: Plot Development
- What are the internal and external factors that contribute to the challenge?
- What key metrics need to be coupled for a complete understanding of current state?

#### Stage 3: Drawing Conclusions
- Why does the data matter?
- What should be the action steps moving forward?

### Incorporate Audience Considerations During Story Boarding
- Consider how the story should be tailored to the C-suite, Board of Directors, Finance, HR, and line leadership to match their motivations and priorities of different audiences
- Identify critical touchstones and taboos of audiences
- Create unique story versions for each audience
Changing The Way We Present Data

How do I present a case for impact?

Do you presentations to stakeholders...

“Thank you for bringing that to my attention.”

“That is an urgent need. Let’s act on that.”

Inform OR Persuade

Build Interest OR Drive Action

Present Information OR Generate Insight and Discussion

Appeal Just to You OR Appeal to All Audiences
What makes a presentation persuasive?

1.

2.

3.
The Story You Want to Tell and the Action You Want to Drive

Often presentations follow a predictable structure that begins with objectives, provides numerous pages of data, and then ends with a recommendation.

What these presentations often miss is the **NARRATIVE**, the story that compels the audience to listen and react.
How to Tell a Compelling Story…

1. **Build the Structure**
   Identify sequence of information necessary to obtain buy-in and drive urgency.

2. **Create the Storyboard**
   Sketch how to present the information in the most persuasive way.

3. **Prepare the Presentation/Deck**
   Create pages that speak to the audience.

4. **Articulate the Narrative**
   The story you want to tell and the action you want to drive

5. **Script the Presentation**
   Use transitions and enhancing techniques to make your points memorable and compelling.
Power of the Plan
Why Structure is So Important

Structure is made up of the components that you include in your presentation and the sequence in which you present them.

When creating a presentation, it is easy to dive right in and create the first page, but this may lead to a presentation that fails because it:

- Contains too much information (hiding the critical information);
- Does not have a logical flow.
Winchester “Mystery House”

Vision of a state-of-the art abode...

...built without a blueprint...

Winchester House Workforce, 1884

- 160 Rooms
- 6 Kitchens
- Gas Lights
- 47 Fireplaces
- 10,000 Windows
- Intercoms

...yields inhospitable results

- 65 Doors to Blank Walls
- 13 Staircases Abandoned
- 24 Skylights in Floors

$5.5 Million Total Cost Over 38 Years
Don’t Hide the Ball

When structuring your presentation, you need to take into account the typical audience retention across time.

The introduction and conclusion are critical opportunities to gain buy-in. That said, you also need to maintain your audience’s attention during the middle of your presentation.

What Will Your Audience Remember?

[Diagram showing audience retention over time with peaks and valleys, including introduction, context, and conclusion sections with assumptions labeled.]
INTRODUCTION
• **Purpose:** State business need and the recommended action to meet the need.
• **Process:** Describe the sequence of the presentation; set the expectations of the audience.
• **Payoff:** Let the audience know what to expect from the presentation.

MIDDLE
• **Urgent Context:** Set the backdrop and drive urgency.
• **Benefits:** Stress benefits throughout the presentation.
• **Assumptions:** Include data to support the assumptions one would need to believe to accept the recommended action.

CONCLUSION
• **Resolution:** Summarize how the recommended action will achieve business need.
• **Action Plan:** Drive action by recommending next steps and assigning responsibility.
On the Edge of their Seats

How can I increase retention throughout the presentation?

To keep interest and retention throughout your presentation, you should incorporate the following principles:

**What is in it for me?**
Focus on benefits not just features

**Why should I act now?**
Drive urgency

**Prove it!**
Assumptions and Data: what do they need to believe to support your recommended action?
1. What’s in It for Me?—Focus on Benefits, Not Just Features

We often highlight features of recommended actions instead of the benefits each feature provides to members of the audience and the organization.

<table>
<thead>
<tr>
<th>Feature</th>
<th>Benefit(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>This benefits software package is user-friendly.</td>
<td>• Lower time investment for benefits team to learn product</td>
</tr>
<tr>
<td></td>
<td>• Higher productivity for all staff members because they will spend less time on process and questions</td>
</tr>
<tr>
<td></td>
<td>• Improved perception of benefits offerings will increase employee satisfaction scores</td>
</tr>
<tr>
<td>The training program targets high potentials.</td>
<td></td>
</tr>
</tbody>
</table>

2. Why Should I Act Now?—Drive Urgency

Throughout your presentation you will want to drive urgency so that your audience feels anxious about the problem and then show how supporting your recommended action will resolve this anxiousness.
Prove It!—How do you support your recommended action?

Put yourself in your audience’s shoes. What would you need to see to believe your recommended action? You should show the audience the assumptions they need to believe and the data that validates the assumption.

Step 1: Identify the relevant assumptions.

**Assumptions** are hypotheses that support your conclusion.

*Ask yourself, “What must I believe for me to support the recommended action?”*

Step 2: Use credible data to support these assumptions.

**Data** is information—qualitative or quantitative—that supports, confirms, or refutes assumptions.

*Ask yourself, “What data would I need to see to accept the assumption?”*
Helpful Hint: Show Why Your Option Is Best

One assumption that you need the audience to believe is that your recommendation is the best action to address the need. To that end, you should support why your recommendation is the best option out of all options.
Translate raw data using formulas and ratios to yield greater meaning and insight.

- Raw data identified through the cascading process described in Step 2 can be expressed “as is,” but can yield greater meaning and insight when expressed in relation to other measures or data, such as time, employee population, expense, etc.

- Developing these correlations through formulas can reveal volume, cost, time, satisfaction, and quality information. (For example, companies often express the number of terminations in relation to overall headcount to understand the rate at which employees leave the organization.)

### Types of Formulas to Express Raw Data

<table>
<thead>
<tr>
<th>Formula Type</th>
<th>Example</th>
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<tbody>
<tr>
<td><strong>RATE</strong></td>
<td>Proportion of one or more parts to a whole of 100%</td>
</tr>
<tr>
<td></td>
<td>• Turnover Rate—(\frac{\text{Terminations}}{\text{Average Headcount}}) \times 100</td>
</tr>
<tr>
<td></td>
<td>• Applicant Interview Rate—(\frac{\text{Applicants Interviewed}}{\text{Total Applicants}}) \times 100</td>
</tr>
<tr>
<td><strong>RATIO</strong></td>
<td>One number relative to another, often expressed as a reduced fraction</td>
</tr>
<tr>
<td></td>
<td>• Applicant Ratio—(\frac{\text{Applicants}}{\text{Offers Accepted}})</td>
</tr>
<tr>
<td></td>
<td>• Average Time-to-Fill—(\frac{\text{Total Days to Fill a Position}}{\text{Offers Accepted}})</td>
</tr>
<tr>
<td><strong>COMPOSITION</strong></td>
<td>Breakdown of a whole into its parts, showing the number or percentage allocated to each</td>
</tr>
<tr>
<td></td>
<td>• Direct Compensation Breakdown—(\frac{\text{Compensation Type (i.e., variable pay, overtime, base pay)}}{\text{Direct Compensation Expense}}) \times 100</td>
</tr>
<tr>
<td></td>
<td>• HR Expense Breakdown—(\frac{\text{HR function Expense (i.e., Benefits Administration, Payroll, Staffing)}}{\text{Total HR Expense}}) \times 100</td>
</tr>
<tr>
<td><strong>INDEX</strong></td>
<td>Weighted combination of disparate data into one number relative to a scale or anchor</td>
</tr>
<tr>
<td></td>
<td>• New Hire Performance Satisfaction—an indication of how well recent hires are performing within their position, based on internal survey results.</td>
</tr>
<tr>
<td></td>
<td>• Manager Quality Index—a relative measure of employees’ perceptions of manager quality as determined by internal survey results.</td>
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</table>
Analyze metrics by employee segment and organizational grouping to direct action planning.

- The relevance and usefulness of measurement results can be greatly improved if segmented by particular employee populations or business unit groupings.
- Understanding how results differ across various populations or areas of the organization can help to isolate high-impact targets for intervention and reveal behavioral patterns across the workforce.

### Segmentation Categories for Measurement Analysis

<table>
<thead>
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<th>Dimension</th>
<th>Example</th>
</tr>
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</table>
| **ORGANIZATIONAL STRUCTURE**    | • Financial reporting   
|                                 | • Geographic location       
|                                 | • HR responsibility        
|                                 | • Supervisory reporting    |
| **DEMOGRAPHICS**                | • Age                     
|                                 | • Education level          
|                                 | • Ethnicity                
|                                 | • Gender                   |
| **EMPLOYMENT LEVELS**           | • Employment level (e.g., exempt/non-exempt or hourly/salaried)       
|                                 | • EEO job category         
|                                 | • Manager level            
|                                 | • Compensation band        
|                                 | • Annual salary            |
| **FUNCTION**                    | • Employment type (e.g., regular/temporary)                           
|                                 | • Job family               
|                                 | • Job title                |
| **EMPLOYMENT EXPERIENCE**       | • Benefits participation  
|                                 | • Organization tenure      
|                                 | • Performance ratings      
|                                 | • Position tenure          |
The Council is equipped to help HR compare internal data to external benchmarks.

**ACTION STEP:**
**IDENTIFY EXTERNAL BENCHMARKING RESOURCES**

- **CLC HR Performance Benchmarking Suite**
- **CLC Turnover Database**