Instruments of success

Is your organisation using data effectively?
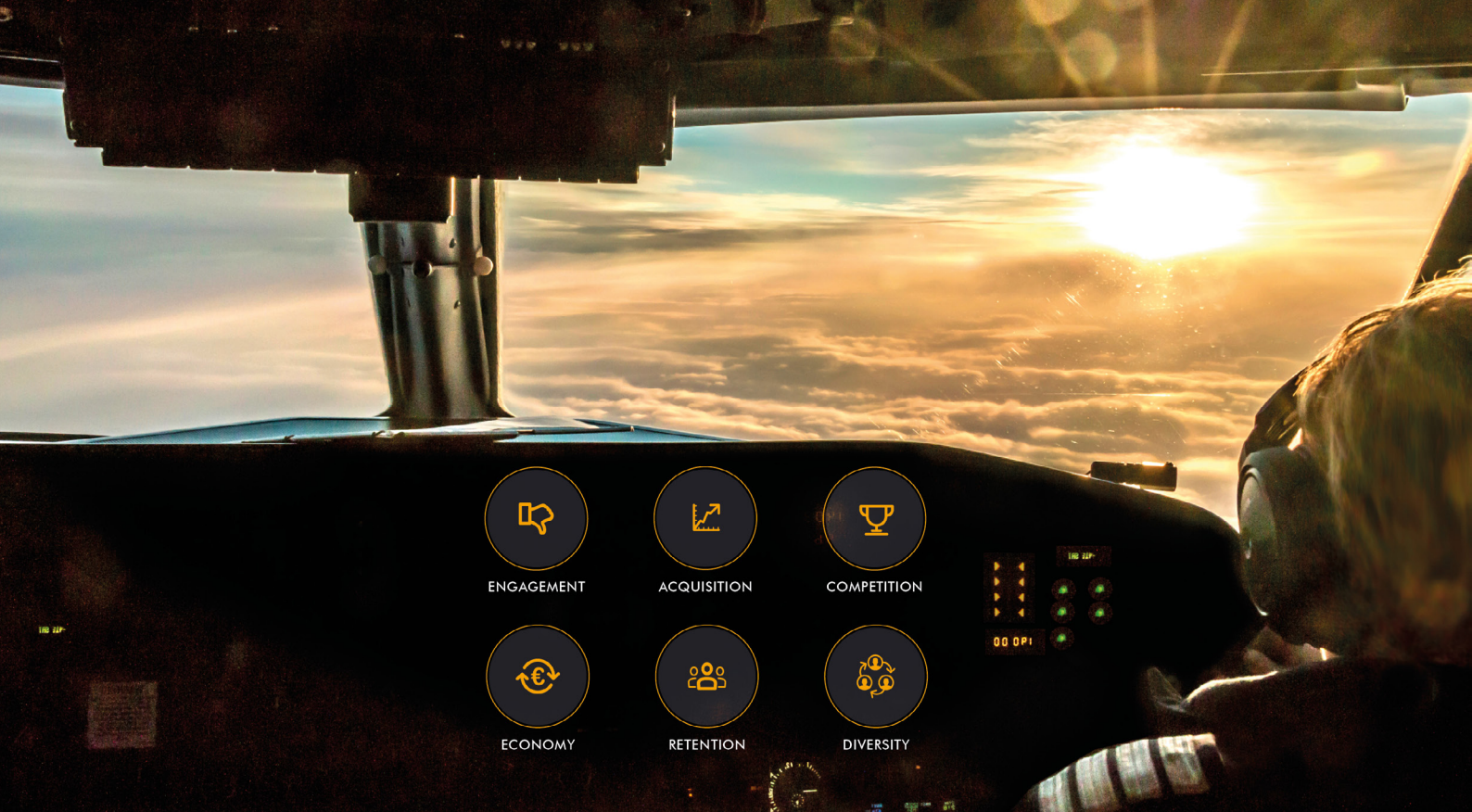
In the world of civil aviation, no pilot can get close to lifting their aircraft off the ground without submitting whether they are going to be flying under so-called 'Instrument Flight Rules' (IFR), or Visual Flight Rules (VFR). The former is used when visual cues are not possible (mainly due to poor weather conditions and/or darkness), and in these circumstances pilots are forced to rely entirely on the gauges on their instrument panel – everything from their directional gyros, altimeters, artificial horizons, air speed indicators and vertical speed indicators.

While some might say the pilot is effectively 'flying blind', this is actually far from the case. While he/she may not be able to directly look out of the cockpit window, what they do have in front of them is everything they need to get the people they're carrying from one place to the other. Nothing is left to chance. Fuel, and any wind speed issues that could slow them down, are all there in plain sight. The instrument panel is king.

If only the same could be said of modern businesses today. A report last autumn by KPMG and the Association of Chartered Certified Accountants found 40% of professionals thought most business decisions were made based purely on 'gut feel' rather than cold, hard data. Pilots (CEOs) of many organisations, it seems, really do fly their businesses according to the way the wind blows, with no instrument to guide them in sight.

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It's impossible to imagine aircraft pilots not knowing where they are going, or hoping for the best, and praying they'll reach a good place to land before they literally drop out of the sky. But this analogy is exactly how many firms operate. Many have surprisingly little ability to report on the basics – such as how many people they actually employ – and this means deeper analysis about their human capital is a long way behind.

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A recent paper - Counting Success: How metrics & measurement correlate with business success - found that while 90% of firms say they collect employee performance data, only 51% use it to inform talent acquisition. Meanwhile, the extent to which data is used to examine elements like the speed with which new hires are promoted and the time taken to bring recruits to full performance is even lower still (13% and 12% respectively). By not having the instruments they need at their disposal, firms will simply be unable to respond quickly enough to the changing business landscape (their flight plan), and won't be able to steer themselves out of potential turbulence (flight path).

By contrast, with good workforce (on board) data – flying the business with instruments – pilot CEOs have dashboard views of their organisation (airplane), as they need to make informed decisions about whether their people will really be able to get them to where they need to go.

Top performing companies use their instruments to not only identify success – like who their top performers are (and what characteristics they share that could make hiring more of them easier), but also where potential for failure could be. For instance, this can include analysing which top performers are also more likely to quit because there are not enough promotional opportunities to contain them. In addition to this, having a data-led approach tells leaders things they may not have even thought about before. For instance, after running its so-called stack ranking system (the best performing staff were promoted, but the bottom 5-10% were exited), it was only through marrying the data that Microsoft realised that rather than boosting productivity, this HR process merely increased competition and discouraged teamwork. None of these nuances would have been found without using instrumentation.

With skills shortages and establishing talent pipelines now more critical to business success than ever before, it's essential that firms have better indicators to understand who their talent is, at what stage of development they are at, and whether they want further training and development.

And data dashboards don't just provide operational insight; they can provide valuable return on investment data too.

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For instance – instrumentation can tell HRDs the relationships between engagement, wellness scores, and productivity. The Workplace Research Foundation finds engaged employees only took 2.69 sick days per year (compared to disengaged employees who take an average of 6.19 days). And, happier, engaged staff are motivated to achieve more. Gallup famously finds engaged companies outperform others in productivity by 21% and profitability by 22%. And here's one really special thing – flying by your own instruments means organisations don't have to rely on someone else's generic data, or someone else's surveys. ROI and insight can be done using their own existing metrics.

But, with the benefits of the instrument-based approach being so potentially game-changing, the obvious question is surely this – why aren't more organisations taking to the skies with HR tools that offer them more certainty about where they are going?
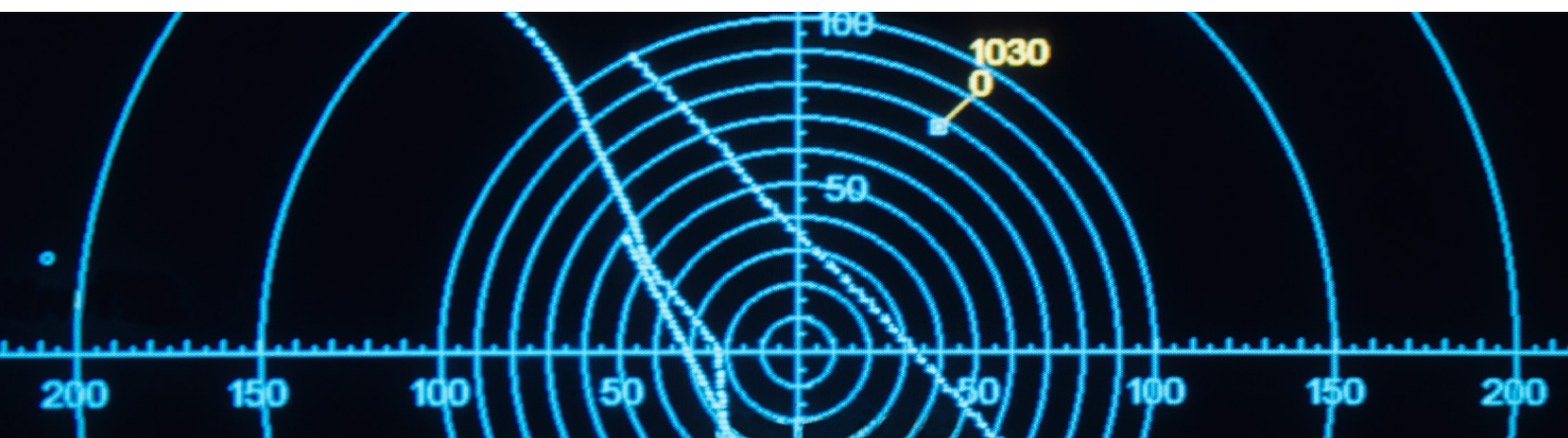
It's often suggested fear is a motivator; in this case it's not necessarily that firms have a fear of flying, but rather a fear of having too much data to know where they should go with it, or not knowing how to read and interpret their instruments.

This is as much a fear around so-called 'big data' as anything else. As early as 2011, articles in The Economist were talking about 'data asphyxiation' – the dizzying new heights that analysis of data could reach, heights which could send HR giddy with confusion.

But arguably, there are two oddly intertwined fears exist at the moment. Firstly, there is initial fear of not having enough/any data at all (and being left behind) – a fear that is on the one-hand causing significant new investment on the cloud. Research by Willis Towers Watson, for example, suggests 30% of firms say they'll replace their core HR system entirely this year, while 40% will migrate to cloud-based solutions. But against this, there is also anxiety that once this money is spent, there is not the in-house expertise available to interpret this.

That's why Gartner's famous proclamation that 50-75% of all HR technology implementations 'fail to deliver' is still as true today as it has ever been. But, by doing the right pre-fight checks, Sage believe things do not have to be this way.

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Pilots always know errors are a possibility, but with the right preparation and approach, they do not have to be an inevitability. By having all your employee data in one place, organisations benefit from a single source of information. Connecting and integrating this with other systems, such as payrolls or financials, enables companies to ensure that their instruments will always reflect accurate data and present pilots with information which is current, consistent and relevant.

Analytics gives data depth. Analytics mean data is doing a job for organisations, where the answers it produces reflect the quality of the questions asked. Last year we found 38% of senior leaders in business claim to have either 'little', 'basic' or 'no' understanding of workforce analytics; while only 13% said they were confident their teams understood analytics enough to drive improved business improvement. This may reflect a lack of confidence, although slightly better news, is the fact we also found 43% believe analytics will be increasingly critical to the business – this shows a real appetite to learn.
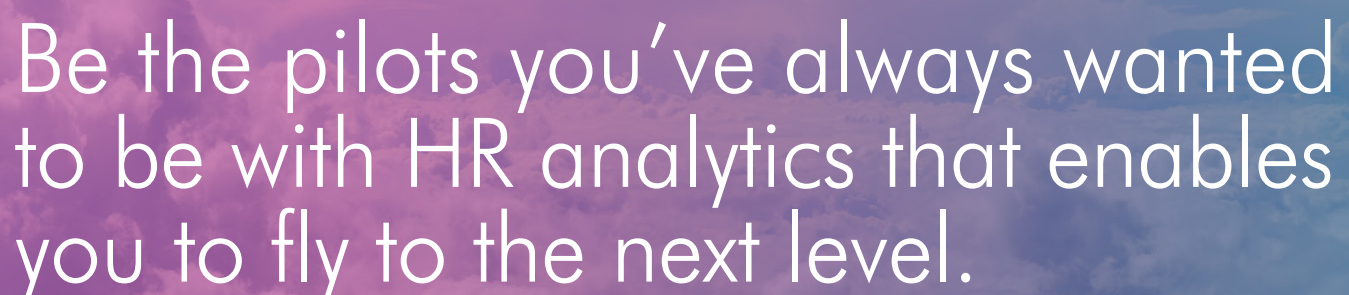
And it's education that is key. It's lack of grounding in analytics to begin with that is linked to a lack of the right tools necessary to enable data-driven decisions. But we believe organisations are on a development curve. More and more organisations are moving to becoming more systems-centric. They are doing this because they are having to be. The amount of data being produced is growing at a considerable pace - every two days the world creates as much information all the data since the dawn of civilization up till 2003. Twitter publishes 8 billion words every day – that's more than twice what the New York Times has published since 1959 to today. As such, more scientific approaches to data will become common-place.

Organisations already have 'chief data officers' [as early as 2014, the 'CDO' was being reported as being 'the next hot job'], and their influence will filter down to HR professionals – arguably the rightful custodians of the flight path organisations will take. Once perception vs reality differences are narrowed, organisations will be able to see that analytics don't have to be the stumbling block they are often perceived to be.

Instead they can be used to derive real-time people planning and scenario planning for whenever that unexpected change of flight path has to be taken.

Finally, if true understanding and real-time business modeling is about having the right tools, then inevitably, interpreting them and taking decisions is all about having the right instruments too. Install the right measurement gauges, and you'll have the instrumentation that will tell you how your journey is going, and what you might need to do to change direction or make the flight less turbulent.

The key is to taxi-down your organisational runway safe in the knowledge your systems are fine. Do this so that when you take off, you'll already know you have the instant ability to look over your flight plan and see how you need to maintain your altitude.

Be the pilots you've always wanted to be with HR analytics that enables you to fly to the next level.

Ready for take-off!
Your flight notes for perfect HR systems

Flight School
- ✔ Finalising preparations with the crew
- ✔ Selected systems implemented
- ✔ Basic reporting: descriptive data

Simulator
- ✔ Centralised accurate data
- ✔ One version of the truth
- Operational reporting: the current status

Co-Pilot
- ✔ Management dashboards
- ✔ Key reports
- ✔ Strategic reporting: the future status

Captain
- ✔ Operational & strategic analytics
- ✔ Drill down analysis
- ✔ Predictive reporting: what might happen

Autopilot
- ✔ Data driven solutions
- ✔ Proactive people management
- ✔ Prescriptive reporting: what should we do

You know you're flying blind when:

- ✖ You're unable to pin-point exactly how many employees you have in your organisation.

- ✖ You don't have a database of the skills held by individuals in your organisation.

- ✖ 'High performers', 'future talent' or 'talent pathways' are phrases you don't use in your business because you don't know who to hot-house.

- ✖ Recruitment policies aren't modelled or repeated, to ensure you continually hire good people who want to stay.

- ✖ You don't differentiate between the 'potential' in people vs their existing 'competencies'.

- ✖ Training is something staff have to ask for themselves, instead of it being suggested to them because they are recognised as top talent.

- ✖ Good people are exiting your organisation because they're reaching a ceiling they feel they cannot break through.

About **HR**zone
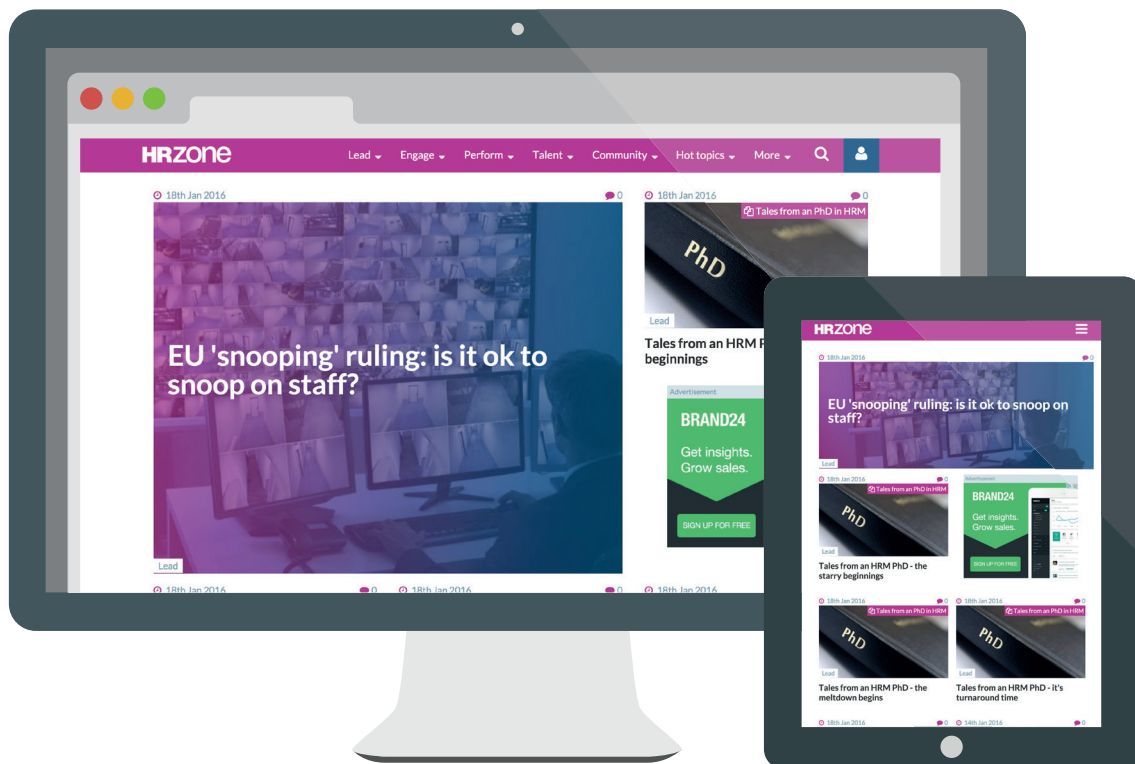
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We cover a range of topics including employment law, people management, leadership, employee engagement and more. Our content is written by HR leaders as well as consultants and industry commentators.

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Sage Business Cloud People enables mid-size, multinational companies to manage workforces through its global, cloud HR and people system, transforming how organizations acquire, engage, manage and develop their employees. Implemented quickly and simple to use, the award-winning system increases workforce visibility, HR productivity and provides better experiences across the entire workforce.

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