Four steps to better People analytics

**How HR leaders can build business impact
with insights**

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Do you know your people as well as you know your customers?

Companies have a wealth of information about their customers at their fingertips – from the types of products they buy, to how they engage with the brand, to when and how frequently they will make a purchase.

What if you had the same level of insight and visibility about your employees? What if you knew where every high-potential employee could add most value? What about how your staff prefer to work? Or who is likely to become a flight risk? Imagine the impact on your company's performance if you tapped into this and knew your employees as well as your customers.

The desire for data is stronger than ever given the amount of change and unpredictability in the world of work right now. The more that business leaders can infer about the future and how an organisation may be affected by changes in people trends, the quicker leaders can react, respond and prepare.

This drives agility and enables a business to be more resilient.

HR analytics is the key to understanding your workforce and uncovering meaningful data that is forward-looking and can provide actionable insights for the organisation. But

getting to this advanced stage of actionable insights takes time. Having accurate data stored in one central system, with the right skills and technology to interrogate and make key decisions based on that data, is a journey.

In this eBook, you'll discover what the four stages of HR analytics maturity are, why each stage is important, and how to travel along the phases in your own HR analytics journey. This guide is for HR and People leaders, and

business and finance leaders, who want to understand HR analytics maturity and why each stage is crucial to get right in order to drive business success.

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Plenty of data but little insight?

Companies need valuable HR and People data like never before. The pandemic has propelled the importance of having robust HR analytics to make strategic business decisions up the priority ladder, and business leaders are turning towards HR to deliver key insights.

However, despite an abundance of data – 94% of business leaders told us they are receiving some form of People data from HR - 38% are not fully satisfied with HR's ability to provide insights and recommendations.

HR and People leaders back this up, with 62% admitting they're not able to use data to spot trends and make business-related predictions, according to our HR in the Moment: Impact through insights research report.

Even those business leaders who are receiving HR metrics aren't making full use of them; 68% of the c-suite who receive data say they're not heavily reliant on it. In fact, only 40% of the c-suite are using HR insights to drive any kind of decision making in the business.

"People analytics has grown up – it is now an established discipline in businesses. Data and analytics literacy have become an imperative for HR professionals. So, HR professionals out there: it's time to become data geeks!"

Josh Bersin
Global HR industry analyst

The right skills supported by the right tech will allow HR to shine
HR analytics has matured — it's no longer enough to just collect data on your people - you need the knowledge and skills to understand the data, and the right technology to help you readily extract the data you need, when you need it, and easily dissect it to add meaning.

No matter the scale of your organisation or size of your HR team, the key thing is to start - and not stop. Each stage of your People analytics journey is an ongoing cycle. You don't start gathering People data and then stop; it's the first step, but it's also the foundation from which you build upon to grow and expand your HR analytics capabilities.

In fact, Principal People Scientist at Sage, Sarah Andresen, advises to think of the People analytics journey as like an ongoing health check, where you monitor each stage regularly and make any tweaks and adjustments to ensure optimum performance at all times.

"People always want to jump straight to doing analytics; they don't think about data governance and having high quality, accurate data, stored in one place, or about what they want to start reporting on and why."

Sarah Andresen
Principal People Scientist, Sage

In this eBook, we will be exploring what the four stages of People analytics are; the value and purpose of each stage; how to get started; and the key considerations around skills and tech for HR and People leaders to consider.

Wherever you're at in your HR analytics maturity, understanding what the different stages are, and how they relate to each other is vital for implementing a strong analytics strategy that will provide actionable insights to truly drive business success.

Four steps to better People analytics

HR and People analytics is not a single state but an ongoing journey. Every company needs to start by getting the basics right, before building on this to reach the insights and solutions you need.

1. People data collection
Begin the journey with access to all your People data in one place—a single and accurate version of the truth.

2. People data reporting
Know precisely what the data is telling you, in a format that is fit for purpose, instantly accessible and updated in real-time.

3. People data analysis
Uncover the 'why' behind the 'what'. Identify hidden patterns or emerging trends about your people that you can act on.

4. People data insights
Deliver actionable insights, identify solutions, and test and monitor those solutions to drive business success aligned to company goals.

People data collection

Begin the journey with access to all your People data in one place —a single and accurate version of the truth

It may sound obvious, but your HR analytics journey starts with actually collecting and storing accurate People data for your entire organisation. What do we mean by People data? Essentially, the information and insights that you have available on your employees, such as salary and compensation information, start and leave dates, appraisals, training and skills records, leave requests and more. This employee data will likely live in a variety of sources such as your payroll, possibly disparate HR systems, and maybe numerous spreadsheets and files.

The key is bringing all of this data together in one place and one cloud system so that you can have accurate and accessible People data that acts as a single source of truth.

Smart data capture
Ensure you're clear on what your People data currently looks like. What employee information do you collect? Do you know what data you need to collect? Who currently has access to it? Who needs access to it? How do you collect and store it? Is it in spreadsheets or do you use HR software?

To make better-informed people decisions, you need a complete and accurate view of every person in your workforce, wherever they are. This is what a global cloud HR system can provide - the means to easily pool all of your People data from across the different parts of the business into one readily accessible, but secure hub.

One accurate system of record stored on the cloud removes the potential inaccuracies from multiple people entering multiple data into multiple systems. Being stored in the cloud also means that your People data is updated in real time, so it will always be up-to-date whenever and whoever accesses it. It also ensures you can sleep sound knowing that your People data is secure and compliant.

Establish a single source of truth: key considerations for HR and People leaders

- Build a single source of truth for all your employee data that covers the entire organisation and all regions
- Get data easily updated in real time with a cloud-based automated system
- Look for easy and powerful integration with payroll and other applications
- Ensure your system is easy to use and has the ability for users to make simple changes directly
- Choose a global cloud HR system that's secure, robust and reliable to ensure your data is too
- Manage compliance, such as GDPR and CCPA, at both local and global levels
- Provide self-service experiences to empower your workforce to own their own data, eliminating admin for your HR team
- Make sure information can be updated everywhere once changed — including with automated workflows

Why is this phase crucial?

Having a centralised single source of truth for your People data allows you to build a strong data foundation for powerful reporting and actionable insights when you and the rest of the business need them. Building a strong foundation with self-service and automated workflows means less time on manual data collection, and more time to act on the insights they provide.

"Sage People has helped us with the visibility of our employee data and it's created a single source of truth. We're now confident that our data is up-to-date and accurate."

Eleanor Simmons
HR Business Partner, CRU

62% of HR leaders are not able to use data to spot trends and make business-related predictions, according to our research report HR in the moment: Impact through insights.

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People data reporting

Know precisely what the data is telling you, in a format that is fit for purpose, instantly accessible and updated in real time

Once a single source of truth exists, HR and People teams often begin reporting that data across the business. However, do you have to pull the data in manually, fiddling around with slides that become out of date the minute you have extracted the data and shared it? For many HR and People leaders, reporting may mean presenting data in slides or other different formats manually.

An automated system, however, collates relevant data and takes just one click to instantly generate reports, saving time and ensuring insights are always up-to-date.

The key is also to create a data reporting strategy. Establish guidelines around who sees the reports, what they should have access to, when they should receive them, how the data is presented, and most importantly what type of information they need. This will ensure the right people see the right metrics at the right time in the right format, in order to make the right decisions.

Make an impact
Reporting for the sake of reporting is a common HR mistake. You need to extract data that will make the most impact on

your business. This means knowing what your c-suite wants and understanding the business's priorities and goals.

To do this, focus on your leading, forward-looking metrics as opposed to your historic, lagging metrics. Leading metrics have a direct influence on outcomes; they are particularly valuable because they provide the ability to identify potential problems before they happen.

"With Sage People's reporting feature, we can now run monthly KPI evaluations such as staff turnover, diversity, head counts and FTEs - even divided into the different companies and locations."

Inés Brand
HR Administration Team Leader, Fidor Bank

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And when it comes to the c-suite, it pays to know your audience and share the data points they value the most, such as attrition rates indicating how well your company is recruiting, retaining and developing staff; employee engagement scores to capture employee sentiment; diversity to track inclusivity; and the average time it takes to fill a role, indicating how well you're managing your entire hiring process.

Know what data your business needs
It's not how many reports you generate, it's how relevant they are that matters. 90% of the c-suite said they would find new hire failure rate data useful, yet only 14% of HR teams report this, our research report <u>HR in the moment: Impact through insights</u> found. Similarly, 86% of the c-suite said employee net promotor scores would be invaluable, but only 13% currently get that information. Even when it comes to foundational metrics, such as employee engagement rates, 93% of the c-suite said they would find it helpful, but only 25% of HR leaders have and share this data with them.

Business leaders need full visibility of the workforce. They want to find out what is working well and what isn't, and take action to improve employee experiences, ultimately reaching those all-important KPIs.

A global cloud HR system, with built in reporting capabilities, provides access to the data they need, presented in the way they want at any time and from anywhere as long as they have been given access permission. This removes the reliance on HR to provide the data, and they can retrieve the information themselves with the peace of mind that it is accurate, reliable and up-to-date.

"[With Sage People], we are now able to analyse our employee base, in various ways, to build data-driven strategies. It has empowered our local HR teams, especially through the common reports and analytics."

Chris Webb
HR Director, Domino

A clear gap between what HR data c-suite leaders want and what they get

- **■** C-suite: It would be useful to have data on this indicator
- **■** C-suite: HR currently provide data on this indicator

Automate your People reporting: key considerations for HR and People leaders
- Have a data reporting strategy detailing what to report, to whom, in what format and when
- Ensure key decision makers have real-time insights, when and where they need it
- Generate the reports you need in seconds at the touch of a button, rather than days, with an automated global cloud system
- Prepare the information in a variety of ways that suit your needs
- View pre-built global reports and dashboards on demand with one click refresh
- Visualise your People data in easy-to-read charts and dashboards that are ready to share
- Ensure the technology is quick and simple to set up, with minimal IT expertise required

Why is this phase crucial?
Automated People reporting saves time, ensures your data is always up-to-date, and can be shared instantly in an easy-to-read format. Reporting the right data to the right people at the right time is vital to help you understand your workforce, but what you do with that data next is what counts. People metrics isn't just about your data at one point in time, but what it tells you about your business and your future success over a period of time.

94% of c-suite leaders have access to some form of People data from HR, but 68% aren't heavily reliant on it. 60% of c-suite leaders aren't using HR data to drive any kind of business decision-making, according to our research report HR in the moment: Impact through insights.

People data analysis

Uncover the 'why' behind the 'what'. Identify hidden patterns or emerging trends about your people that you can act on

The next phase of the HR analytics maturity journey is the analysis part, where you start to understand what is going on behind the numbers. For example, in the previous stage of People reporting, you might have identified that 10% of employees left the business during the last quarter. This next step is then looking into why did those people leave? What was behind their decision to leave? Who are these people - are they new hires or long term employees? Are they from a particular department or region?

Make evidence-based decisions instead of relying on gut feel
People analytics is about answering the questions that come to mind when you see a particular HR metric, to uncover the 'why' behind that static metric. By starting to look more closely at the data you are collecting, you can begin to uncover hidden patterns and spot emerging trends that will provide actionable insights to feed into board reports and inform the c-suite when you're making key business decisions.

Although the majority of business leaders have access to some form of People analytics from their HR teams, 68% of c-suite leaders

said they're not heavily reliant on it. 60% of business leaders said they're not using HR data to drive any kind of business decision-making, according to our HR in the Moment: Impact through insights research report.

For HR and People leaders, analysing the data will also elevate your influence and impact across the organisation, and strengthen HR's role as a strategic department. It's the next logical step after People reporting and can help resolve key pain points around the

business, such as talent acquisition and retention. By really analysing the data you can start to understand why it takes a long time to fill positions and where good hires are coming from, or what the business can do to fill positions faster or attract a better quality of candidate.

HR teams that analyse their data are at a higher level of analytics maturity because they're not just sharing data, but using it — and using it intelligently.

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Explore your People data

The best way to start? Dive in. This is the time to find out not only 'what' is happening, but 'why'. Dig down into the data and take a look around. Think about the key questions you and your team need answers to, as well as what analysis the management team might want and need. What are the consistent patterns? Why are they occurring? And what can be done about them?

A great place to start is with analysing your turnover metrics. It's an important area for the business and something that all HR leaders have to deal with. As highlighted earlier, ask yourself what information you have on why your people have left? Which areas of the business have they left from? Has the rate of people leaving increased, decreased or stayed the same? It's usually one of the first areas HR and People leaders focus on when moving into the People analytics stage as it's a nice easy one to get your head around quickly.
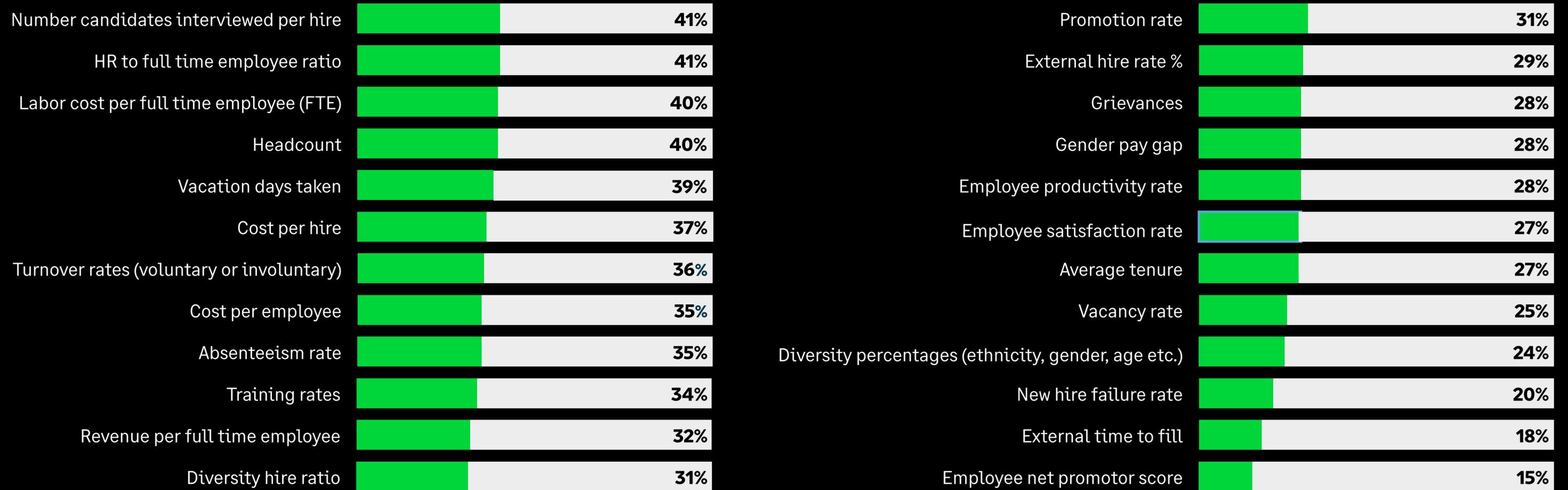
Another key area of metrics to analyse, that's particularly relevant in the new world of work, is around engagement and employee experiences. Are your workforce motivated and engaged? How likely are they to recommend your company as a great place to work? As HR and People leaders, if you can understand what's going on with your company's biggest asset and dig deeper to uncover the story behind the metrics, you'll have a strong set of analysis to share with business leaders.

Analyse what your data is telling you: key considerations for HR and People leaders
- Ensure your teams have the context they need to answer key questions
- Stay one step ahead by setting up reports to notify managers of exceptions or conditional circumstances, such as high absence levels
- Leverage pulse surveys to obtain regular feedback from your workforce
- Track employee indicators, such as engagement, culture and intent to stay
- Give your leaders the confidence to take immediate action based on accurate information, and work at the speed of now
- Think about what support or training your HR team need to understand and present the data in the right way for the organisation?
- Consider creating a dedicated People analytics person to take ownership of the data analysis

HR data that People leaders say they currently report on

Number candidates interviewed per hire	41%
HR to full time employee ratio	41%
Labor cost per full time employee (FTE)	40%
Headcount	40%
Vacation days taken	39%
Cost per hire	37%
Turnover rates (voluntary or involuntary)	36%
Cost per employee	35%
Absenteeism rate	35%
Training rates	34%
Revenue per full time employee	32%
Diversity hire ratio	31%

|	
Promotion rate	31%
External hire rate %	29%
Grievances	28%
Gender pay gap	28%
Employee productivity rate	28%
Employee satisfaction rate	27%
Average tenure	27%
Vacancy rate	25%
Diversity percentages (ethnicity, gender, age etc.)	24%
New hire failure rate	20%
External time to fill	18%
Employee net promotor score	15%

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Why is this phase crucial?
Done well, analysing your People data allows you to understand your employee data just as you understand your customer data. It is arguably where the analytics journey gets harder as its no longer about just collecting and reporting data, but actually starting to analyse and use the data.

However, when you do more than simply report on the data you have, that's when you're really tapping into the power of HR metrics. Digging into data to find answers to questions, spotting trends, and being able to act on insights is where you team really becomes strategic and can make positive change. Which is where the fourth and last step comes in...

"Sage People allowed us start to making sense of our data pretty much immediately. We built data sets to support our ongoing growth in a more controlled manner, which assisted with objective decision making."

Claire Webber
Head of HR, Lovehoney
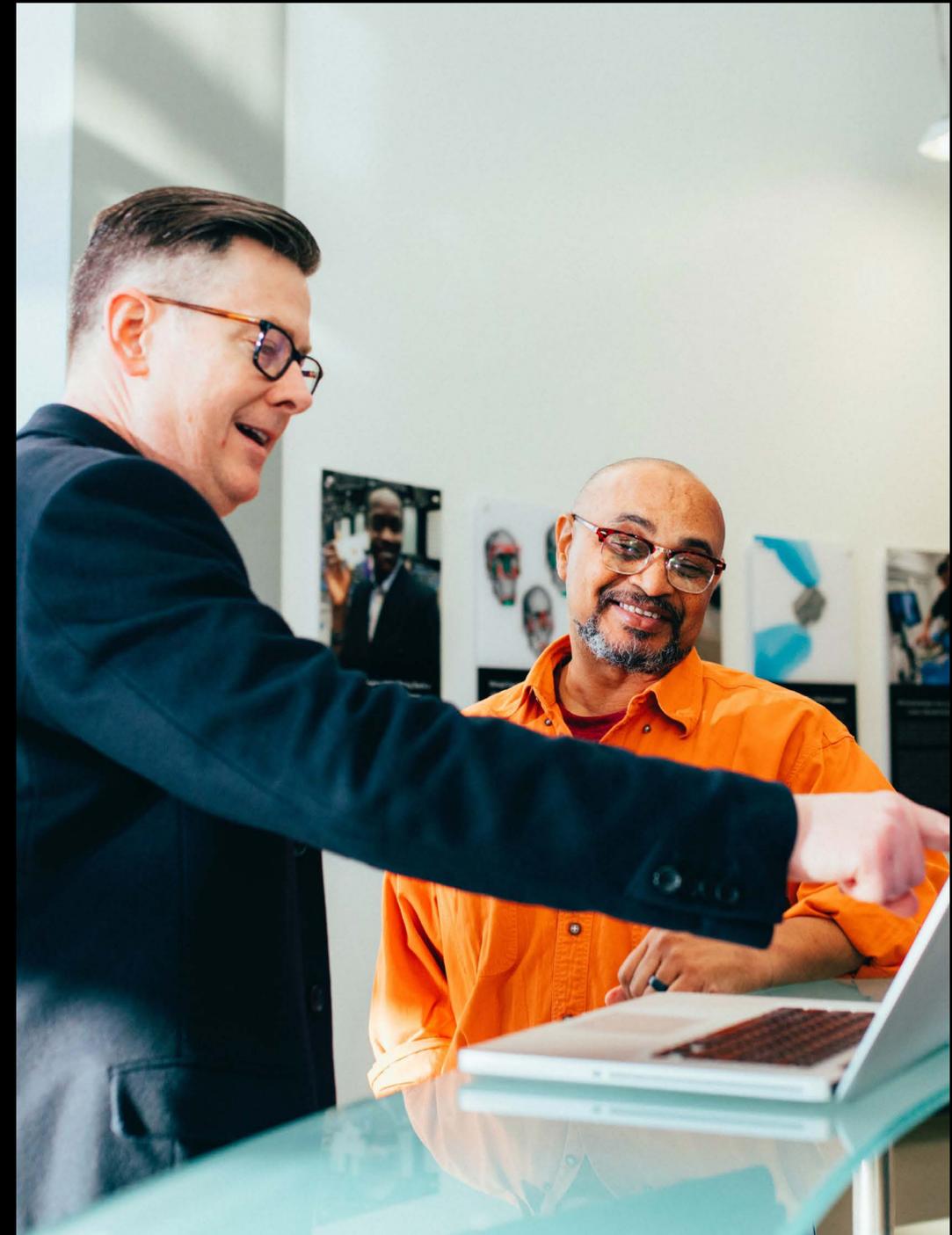
People data insights

Deliver actionable insights, identify solutions, and test and monitor those solutions to drive business success aligned to company goals

This phase is the most advanced part of your analytics journey. It takes time to reach this level, but when you do it means you are now acting on your insights, identifying solutions and testing them out. You are leading the business with solutions to solve problems and achieve strategic priorities.

This fourth stage is about using your data to inform business planning and decision-making in real-time. Measuring and monitoring key data to constantly adapt and improve the business, and build resilience in the face of challenges, wherever they come from.

Testing and implementing solutions
Areas in a business where HR analytics often delivers an immediate impact are retention, performance, leadership and culture. Take retention as an example – (and in real life, you may be looking at several of these at the same time) – if you have followed the HR analytics journey so far, you will by now have found out how many people are leaving the business, who they are, which part of the business they come from and why they are leaving. From your employee feedback or pulse surveys, you may have found out that new hires feel there isn't enough of a work life balance or perhaps longer serving staff feel that there

isn't enough career progression; or maybe employees are stressed and burning out, or perhaps it's all of those things combined.

Now, you can develop solutions to improve employee experiences and engage your employees. You can test out several solutions like improving training, implementing flexible working, engaging a free counselling or wellbeing service for staff and improving communications with managers. Some

solutions might work better than others, and you need to constantly monitor this. If a solution fails, try another and monitor it. It's an ongoing process. Don't just stop when your employee turnover stabilises, now's the time to maintain it.

By staying ahead of the curve, understanding your business goals and how to use data to achieve them, you can avoid many common problems from happening in the first place. You can hire and retain the right talent to meet important product launches or financial targets, so you don't fall short. You can be the first to spot underperforming teams and put measures in place to solve the problem before they fail. Similarly, you can identify when a team is over performing and replicate that operational knowledge across the business.

You can even use your data to support customer retention. If your data indicates that your customer services employees are unhappy, you can implement solutions to re-engage them. Leaving them unchecked could result in a compromised service and customer dissatisfaction which will affect the bottom line.

Deliver business impact with insights: key considerations for HR and People leaders
• Demonstrate the impact of People decisions and HR strategy on your business' bottom line
• Bring HR data to the boardroom table that you are confident is secure, accurate and up-to-date
• Obtain regular feedback to design better ways of working continuously
• Align your People strategy to business strategies
• Test assumptions, potential solutions and implement changes quickly for maximum impact
• Remain agile and keep ahead of business changes

Why is this phase crucial?
The world of work has never looked so different. Now is the time for HR and People leaders to use the data to drive long awaited change, empowering agility and driving business resilience.

A single source of truth evaluates the value of HR at Westcon-Comstor

Serving more than 180 countries from 50 locations across the world, global technology distribution company Westcon-Comstor's workforce totals almost 3,000, and with consistent new acquisitions over 20 years, this number fluctuates. Previously, the HR and People team didn't have a single way of recording information - it was either manual or using multiple systems, which took significant time and resource.

Before: Struggling with spreadsheets
Simply trying to get a headcount report took over a week, and as Senior VP of HR Donna Bain explains, by the time the information was gathered, it was already out of date. "It was difficult because I wasn't confident supplying information to the organisation," Bain explains worryingly. "Putting my name to a report I knew was wrong was really keeping me up at night."

The HR and People wanted to move away from admin and confusion, towards a single source of truth that would offer great experiences for employees. Enter: Sage People. "I've never seen an HR team so excited about a new system before," Bain laughs. HR can now access employee data at their fingertips and provide that data to executives, knowing that it's entirely accurate.

Now: A single source of truth to guide business decision-making
"We have ten systems in the business that rely on our HR data and are now connected to Sage People via APIs or general file exchange," Bain explains. "Those systems now have access to accurate HR data instantly, so it's not just HR that's streamlined, it's the whole business process." For Bain, integrating Sage People has had a direct impact on her role. "For me personally, whereas it previously took me a week to pull a headcount report, I can now do that in 10 seconds," she explains.

The introduction of Sage People has also had a dramatic and noticeable impact on the HR and People team's reputation across the business. "HR used to be admin function," explains Bain. "Now we have an HR strategy for the next three years, based on retention, recruitment and development. Sage People gives us the tools to be able to do that." She adds proudly: "The business now sees HR as the one true source of People information. Our global business budgeting was based on information that came from Sage People this year – so that shows the strategic importance and capability of Sage People."

"We really understand why people are leaving and what's driving them," she explains. "Sage People has helped us by collating exit interview data, which is the key to us understanding what we can do differently or better." Bain concludes proudly: "Sage People is embedded in who we are and the way we work as a Strategic HR and People function. Our appraisals, pay role, pay review - everything we do links back to Sage People. We couldn't function without it."

Take the next steps in your People analytics journey

Use People insights to influence business
HR and People leaders have access to more accurate real time knowledge than ever before, and as the old adage goes, knowledge is power.

Maybe you haven't started your journey yet, or maybe you have been stuck on steps one, two or three for a while, and now is the time to move on. It is important not to think of this as levels in a game that end at step four, but an ongoing process of measuring, monitoring, adapting, and tweaking each stage, depending on what the business needs. Once you reach phase four, you keep going, always looking at different aspects of the business and continually referring back to your data to understand if you have achieved your goals and to set new ones in line with the business strategy.

The world of work has changed forever, and it has become more important than ever that organisations are not only equipped to survive but to thrive, no matter what challenges they might face.

Developing and implementing HR analytics is a four-phase cycle and you're now equipped with what every stage is and how to successfully implement each stage.

1. **Implement one true source of data** – without clean, accurate and reliable data your HR analytics journey will fail. Take the time to make sure all your data is in order before you move on.
2. **Create a data reporting strategy tied into your business's KPIs.** Set guidelines as to what information to report, who to report it to, when and how.
3. **Ask the data 'why'.** What is the reason behind your findings? This will inform how you act on the data.
4. **Act on the data.** Use your findings to create solutions and strategies to make real business change and continually test and monitor them.

Take the next steps in your HR analytics journey and <u>download our guide,</u> How to make the business case for HR tech investment. Or take an <u>interactive self-guided product tour</u> and discover how Sage People can transform the way you manage your workforce.

<u>Make the business case now</u>

Use insights to create business impact with
Sage People

The more you know about your people, the more you can enable them to do their best work. Sage People offers powerful reporting tools to help you understand and act on your people data. Get up to the minute and complete visibility of your global workforce from a single, reliable source of truth. Make better decisions with actionable insights, providing credible recommendations with smart analytics and interactive dashboards.

Real-time insights in minutes
View pre-built global reports and dashboards on-demand with one click refresh.

Beautiful reporting
Visualise your People data in charts and dashboards that are ready to share.

Customisable dashboards
Provide management teams with personalised dashboards so they're always up-to-date on matters important to them.
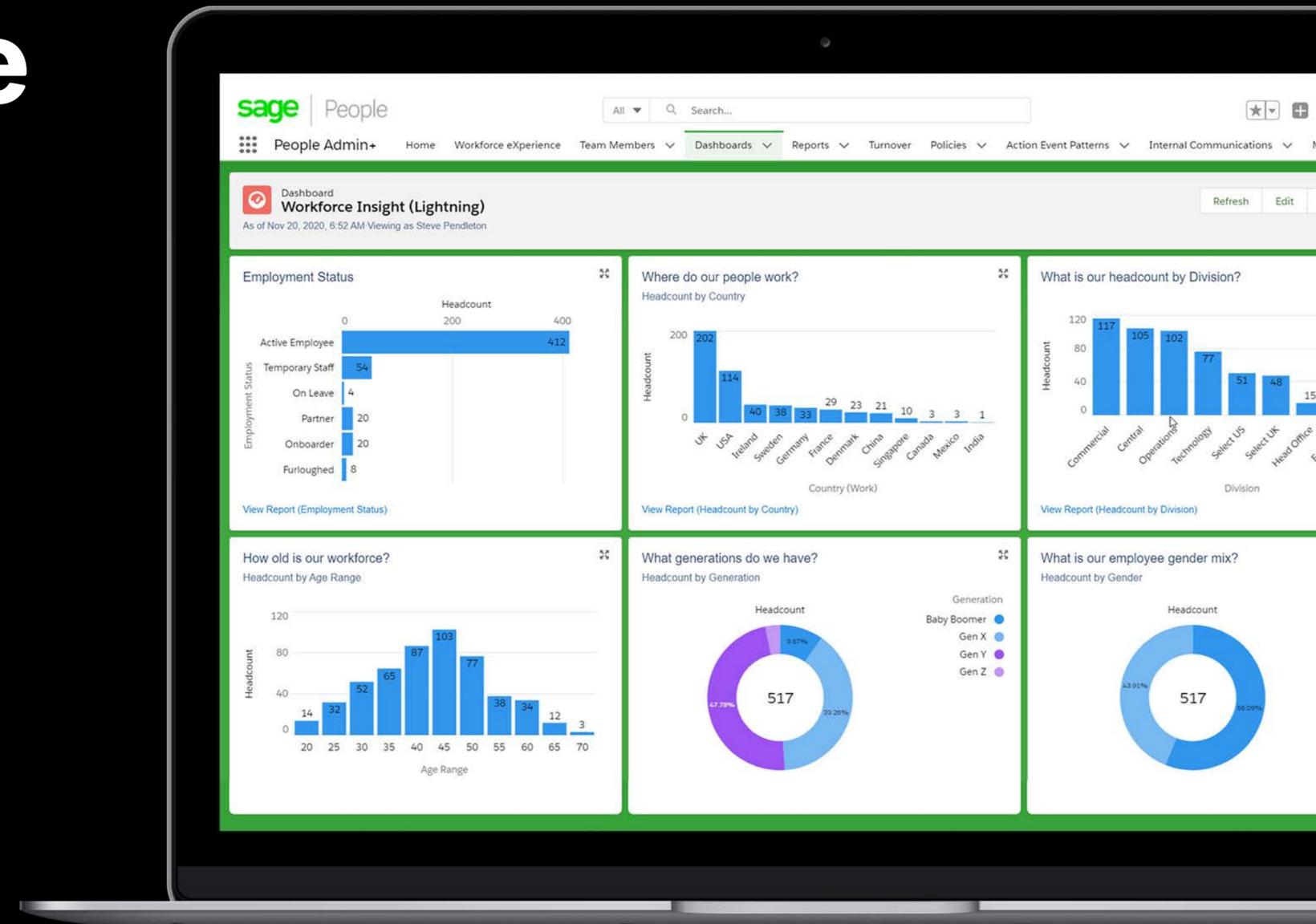
Stay one step ahead
Set up reports to notify managers of exceptions or conditional circumstances such as high absence levels.

Relevant scorecards
Provide corporate, regional and functional scorecards for an at-a-glance overview of your entire business.
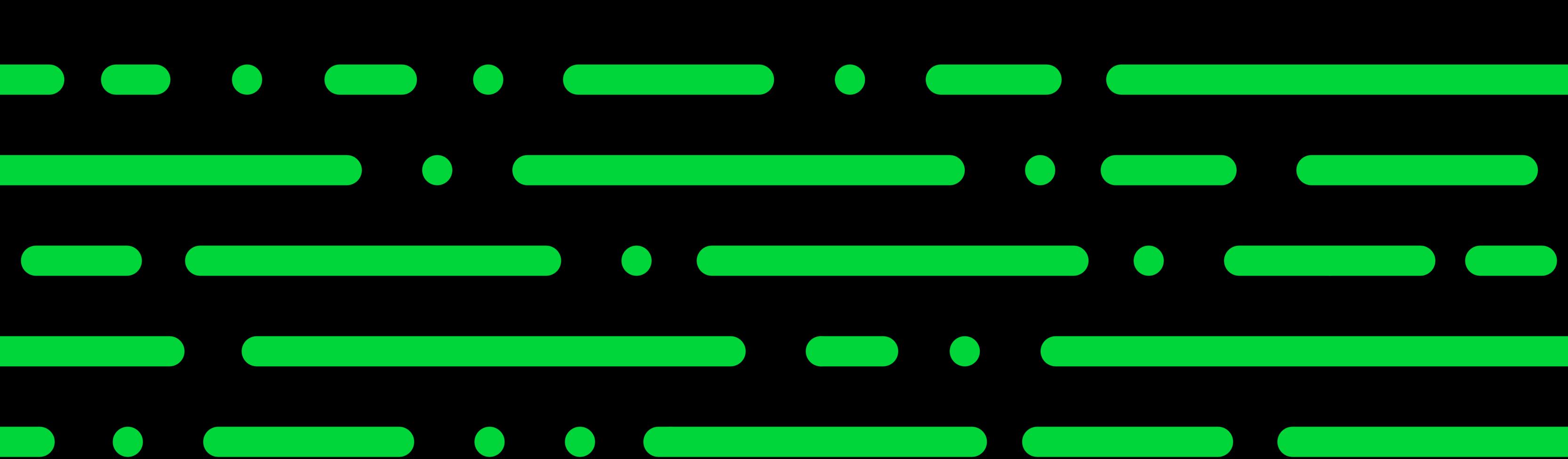
Compliance as standard
Use predefined policy rules to set up global and local compliance requirements.

Take a self-guided product tour today

Sage