

AUTOMATE THROUGH ANALYTICS: UNIFYING WORKFORCE PLANNING BEHIND A SINGLE SYSTEM OF TRUTH

January 2019

Zachary Chertok
Research Analyst, Human Capital Management

Many companies still manage a considerable amount of their HCM data manually. Best-in-Class companies, however, are moving beyond manual processes and using a central, agile analytics engine to unify labor data into a single dataset. This significantly improves their ability to understand emerging workforce pressures, fill new and/or existing skills gaps, and respond to individual employee performance issues *before* they affect revenue.

The Reactive Strategies of the Past

Too many organizations today still rely on HR and management to manually juggle multiple data sets to analyze employee performance and conduct workforce planning. But relying on the analytical ability of HR staff and managers leads to a reactive employee engagement strategy; these companies react to performance problems only *after* they have had a negative impact on the organization.

The Best-in-Class are fast realizing that the more they focus on retroactively cleaning up messes, the more they are vulnerable to mishandling organizational changes, such as reorganizations, mergers and acquisitions, resource reallocations, or headcount changes. Furthermore, relying on the analytical abilities of HR and managers to tie disparate datasets together makes companies vulnerable to inevitable human error.

Unifying labor data into a single dataset via a central, agile analytics engine allows the Best-in-Class to achieve a single system of truth about the workforce. This significantly improves the ability of managers to understand emerging workforce pressures, fill new and/or existing skills gaps, and detect possible flight risks. It also enables them to respond to individual employee performance issues *before* they become problems and affect revenue.

A Checkup on Manual Data Management

In a recent survey, Aberdeen found that 46% of companies are using manual processes at least somewhere in their HR data ecosystem. At first glance, this may be intuitive, as most companies are not pressured to automate HR resources until their headcount exceeds 100 employees. Nevertheless, 71% of modern HR teams are pressured by a lack of procedural efficiency. Further, their largest time drain comes from juggling disparate data systems.

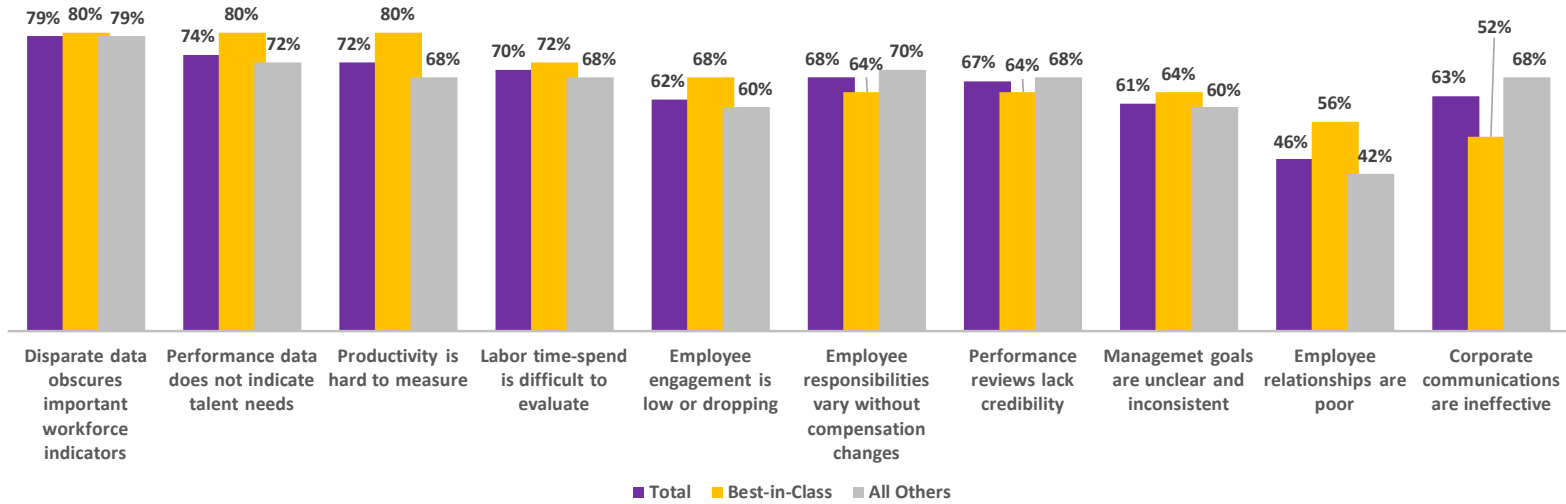
Aberdeen's maturity class framework is comprised of three groups of survey respondents. The data is used to determine overall company performance. Classified by their self-reported performance across several key metrics, each respondent falls into one of three categories:

- ▶ Best-in-Class: Top 20% of respondents based on performance
- ▶ Industry Average: Middle 50% based on performance
- ▶ Laggard: Bottom 30% based on performance

All Others is a combination of the Industry Average and Laggards.

Figure 1 shows the top pressures facing organizations managing disparate workforce datasets.

Figure 1: Top Pressures Caused by Siloed Data



Source: Aberdeen (July 2018), n = 115

All companies unanimously believed that their data does not tell a coherent story about what is happening inside the workforce, or what a typical day's work looks like. After that, Best-in-Class companies recognized that they are unable to rely on performance data alone to tell them what kind of new skills they need to propel the company forward.

Today, almost half (46%) of companies juggle disparate datasets, many of them manually linking datasets for workforce planning analysis. These companies manually link datasets because they assume that they will have more direct control over HR data, in a way that maximizes accessibility. They also feel that they can reduce year-over-year HR spend by avoiding what their finance teams may view as costly vendor relationships for subscription solutions and service offerings, with return-on-investment (ROI) metrics they do not fully understand.

These justifications are remarkably short-sighted, and could not be further from the truth. A key lapse in judgement is that not all HR practitioners or managers have the analytical skills to cross-reference disparate employee performance datasets to objectively build performance analyses – and this is further reinforced by the top pressures shown in Figure 1. The result is that 40% of companies are failing to lay the foundation for efficient data analysis that will enable smoother process automation.

Designing Data Management for Efficiency

Aberdeen has found that companies that do juggle disparate datasets generally lack the internal resources necessary to effectively measure and

drive high levels of productivity and innovation. They rely on disparate, disconnected solutions that impede HR from improving the ROI of the workforce, increasing divisional productivity, or filling new and existing skills gaps within the organization.

Furthermore, organizations that lack analytical automation are 60% more likely to suffer from a lower workforce ROI than organizations pursuing an analytics-based strategy (48% vs. 30%). These organizations are also 67% more likely than those using an analytics-based strategy (40% vs. 24%) to mishandle organizational changes, such as reorganizations or mergers and acquisitions.

Figure 1 indicates that the Best-in-Class are ahead of their peers in recognizing that their biggest problems stem from juggling disparate datasets. Disparate focal points for automation address labor issues only when they emerge. Despite individual process improvements, disparate datasets lead to managers having to clean up messes *after* they have negatively impacted the organization, rather than proactively preventing them or promoting innovation and employee engagement. By the time managers respond to problems, employee engagement typically drops to where employees already decide to move on from the organization.

The Best-in-Class are resolved to link all of their data together with an agile analytics engine that can unify workforce planning objectives, reduce the time needed to plan, and reduce errors in data aggregation. As a starting point, Best-in-Class companies are 2.2 times more likely than All Others (40% vs. 18%) to integrate datasets built in different workforce planning competencies. They are developing analytically-driven data integrations across workforce management, talent analytics, benefits and compensation management, and payroll automation to fully understand workforce resource requirements and what they mean for financial and operational planning. For 40% of companies, this analytical foundation has already reduced performance disruptions and helped get the right talent to the right places as the right time, promoting stronger employee engagement and tenure. It has also allowed these companies to test different 'what-if' scenarios in terms of employee headcount and skills requirements.

Unifying labor data into a single dataset via a central, agile analytics engine allows the Best-in-Class to achieve a single system of truth about the workforce.

Table 1: Automated Processes in Order of Priority

	Best-in-Class	All Others
Workforce planning	80%	56%
Performance-based rewards	80%	56%
Guided wellness and well-being	61%	57%
Workforce skills analytics	60%	54%
Performance analytics	60%	46%
Communications and goals development	52%	44%

Source: Aberdeen (July 2018), n = 115

Table 1 shows the top competencies for which the Best-in-Class prioritize automation in response to pressures from disparate datasets. At the top of the list, they automate workforce forecasting, headcount analysis, and HR resource allocations via workforce planning. These companies are 43% more likely than All Others (80% vs. 56%) to implement an analytics platform that unifies disparate, structured or unstructured data sources into one dataset, translated into a common language for native, internal, or external analysis.

Having a common dataset allows them to focus on strategic resource deployments, such as wellness and rewards campaigns, to more effectively wed the workforce to internally defined projects. As time goes on, the Best-in-Class are measuring how strategic resource deployments contribute to filling skills gaps, channeling these findings into talent acquisition and workforce promotion potential to keep moving the needle forward on operational performance.

The Business Case

Aberdeen has found that analytics as an underlying resource for HR and labor data management and planning is a must-have in order to compete with the Best-in-Class. Organizations that are adopting performance analytics are 66% more likely to be capable of increasing HR efficiency without the need to increase HR management or headcount. As efficiency improves, HR is not as pressured to reduce costs, because the return-on-investment (ROI) of the workforce improves. The Best-in-Class strategy to automate through analytics is making them 4.3 times more likely than All Others (98% vs. 23%) to see their workforce ROI increase year-over-year.

The Best-in-Class strategy to automate through analytics is making them 4.3 times more likely than All Others to see their workforce ROI increase year-over-year.

The Best-in-Class are also 5.3 times more likely than All Others (48% vs. 9%) to align wellness, well-being, and rewards management to promote employee participation in management goals and objectives. These resources have a further impact on employee tenure, in that the Best-in-class are 49% more likely than All Others (91% vs. 61%) to find that their average employee tenure has risen above 5 years, despite increased retirement of baby boom workers.

The Bottom Line

Unified analytics are taking the guesswork out of employee performance management. Under manual data control methods, HR and departmental managers are expected to assume the roles of statistician and data analyst to correlate complex, disparate datasets. While the goal is to implement specific agendas handed down from senior management, this complex analysis takes time and requires non-native skillsets for HR, while giving them data access behind closed doors and not in real time. In other words, it removes HR from the workforce, limiting their ability to resolve issues and facilitate workforce success.

Pushing HR into this role is highly unproductive, and leaves employees disengaged and unclear about what their goals should be, and what a reasonable timeframe for execution looks like. To remedy this, the Best-in-Class are increasingly turning to platform analytics to first unify their disparate datasets, and then extend the new dataset to analytical engines that will produce valuable workforce revelations to management in real time. The net result is that these companies are able to increase growth faster and in a more efficient way.

About Aberdeen Group

Since 1988, Aberdeen Group has published research that helps businesses worldwide to improve their performance. Our analysts derive fact-based, vendor-neutral insights from a proprietary analytical framework, which identifies Best-in-Class organizations from primary research conducted with industry practitioners. The resulting research content is used by hundreds of thousands of business professionals to drive smarter decision-making and improve business strategies. Aberdeen Group is headquartered in Waltham, Massachusetts, USA.

This document is the result of primary research performed by Aberdeen Group and represents the best analysis available at the time of publication. Unless otherwise noted, the entire contents of this publication are copyrighted by Aberdeen Group and may not be reproduced, distributed, archived, or transmitted in any form or by any means without prior written consent by Aberdeen Group.