

Turbocharging Workforce Management with Analytics

Business Challenge

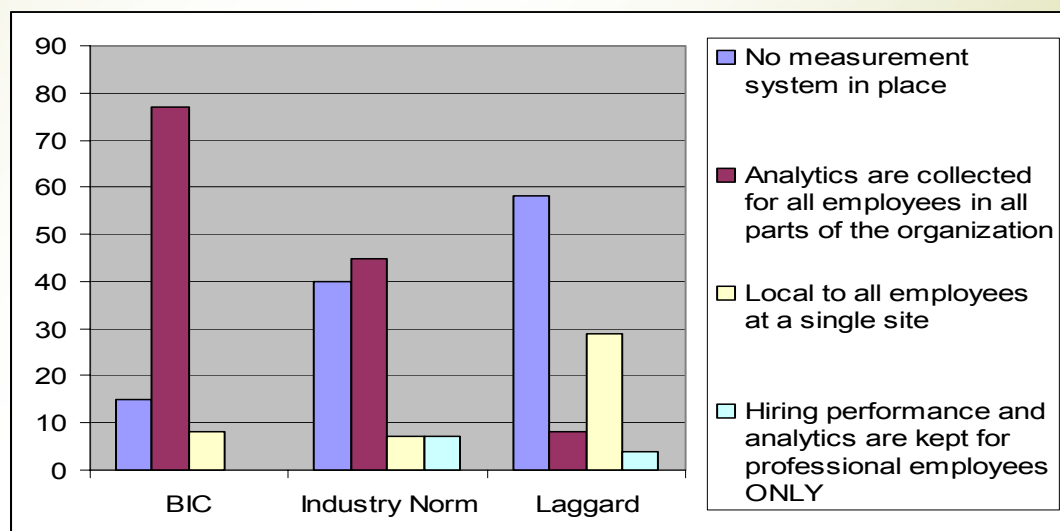
Human Resources as a function has historically suffered a lack of corporate clout. Why? They weren't "strategic" enough. They simply didn't have the tools to rigorously collect and analyze operations data sufficiently to advise the executive suite on how workforce management practices and outcomes affect the financial top or bottom lines, or any operational line in between. Very few CEOs can recite the ROI of their human capital investments. Now, because effective has become a strategic differentiator for more and more firms, the matter is passing into other hands—those of more operationally focused individuals, especially the "quants". These are the quantitative analysts, often residing in Operations or Finance rather than HR. They have the analytical tools and modeling capability to connect the dots between workforce operating variables and financial or customer results. Application vendors addressing workforce management are rapidly moving beyond canned reporting to configurable, real-time reporting and data analytics to deliver actionable insights.

Study Hypothesis

Analytics Drives Best in Class Workforce Management

In 2005 we learned that Best in Class organizations favor the use of analytic data (Figure 1.)

Figure 1: Scope of Workforce Analytics by Organizational Competitive Position



Source: AberdeenGroup, August 2006

Announcement

Take the 10-minute [Workforce Analytics Survey](#) now and receive a free copy of the "Workforce Analytics Benchmark—2006" report in August.

What we didn't know then and want to learn now is the extent to which workforce analytics are currently used to manage salaried and hourly workforce environments and with what impact. Some questions we would like to investigate in this regard are:

- What workforce management problems and processes are currently probed with analytics?
- How helpful are workforce analytics in improving business performance?
- Who are the principle drivers for applying analytics to workforce management? HR? Operations? Finance?
- What characteristics would line managers find most helpful in a workforce analytics application?
- Do end-users prefer analytics to be embedded in a workforce management application, such as shift scheduling, or kept as a standalone engine to analyze data extracted from many sources?
- What role do dashboards and scorecards play in promoting the aggressive use of analytics?

What is “Workforce Analytics”?

The simplest description of workforce analytics is: a set of tools for measuring, managing and maximizing workforce performance. These tools may operate at several analytical levels:

Descriptive analytics: Those which summarize and compare operational and/or financial data on key workforce variables within defined timeframes. Examples: totals, averages, percentages and trends. These are used primarily to create *lagging indicators*.

Algorithmic analytics: Those which apply mathematical formulae on data to derive useful information. Example: Warehouse task performance time standards derived from weighted combinations of distance, weight, machine use, and time of day (to allow for personal fatigue and delay). These are used to create both *lagging indicators* and *performance benchmarks*.

Predictive analytics: Mathematical functions that enable modeling of correlation and causation between work input and output variables. Example: Correlations between “job applicant sources” and “time to productivity”, or between “number of clerks deployed during peak retail store hours” and “total sales”. These are used to create *leading indicators*.

Vendor Landscape: How are workforce analytics vendors organized?

Vendors offering workforce analytics applications fall roughly within two categories: embedded and freestanding (Table 1.)

Embedded analytics: These vendors offer analytics capability which is embedded within the context of one or more operational workforce management applications.

- Advantages:
 - Seamless data feeds to and presentation of work operations analytics, often with real-time update capability
 - Experience-driven understanding of specific work operations and the supporting analyses that drive decisions for each operation
 - Customized algorithms derived from analysis of 100’s or 1000’s of end-user customer databases

Freestanding analytics: These vendors offer stand-alone analytics applications with pre-defined and user-definable mathematical functions that can be applied to data sets extracted directly from any workforce operation, from a corporate data warehouse, or from outside data feeds. They may have 1000’s of metrics stored in functionally organized libraries.

- Advantages:
 - Broad range of modeling and analysis capabilities
 - Compatibility with a variety of industry-standard software platforms and data interchange protocols
 - Applicable to any workforce function that generates operating data

Table 1: Typical Examples of Embedded and Freestanding Analytics Vendors

Embedded Workforce Analytics Vendors	Freestanding Workforce Analytics Vendors
Acquire	Apophecy
Kronos/Unicru	Business Objects
Lawson	Cognos
PeopleBusinessNetwork	DoubleStar
Oracle/PeopleSoft	Hitachi
Taleo	Hyperion
Softscape	Microstrategy
SuccessFactors	ProClarity
SAP	SAS

Source: [AberdeenGroup](#), August, 2006

Workforce Analytics Benefits

Analytics are rapidly gaining in influence and power. Line managers can use them to accomplish important goals such as the following:

- Increase understanding and visibility of leading indicators that provide early warning signals for required workforce management changes.
- Benchmark workforce operations from historical and industry data
- Provide support for workforce decisions requiring what-if modeling capability

Workforce Analytics Benchmark Report—2006

Aberdeen will publish the “Workforce Analytics Benchmark Report--2006” this August. It examines the opportunities and challenges facing enterprises that use workforce analytics today as well as the strategies executed by the Best in Class users as they use analytics to optimize workforce performance and minimize workforce costs.

The study will seek to quantify a range of key performance indicators (KPIs) for workforce analytics impact, including the following which have been determined to have an impact on shareholder value:

- Percent of managers using analytics regularly for decision-making
- Percent of top performers paid higher than average performers
- Percent of poor performers enhanced with performance improvement
- Percent of poor performers terminated
- Percent of employees educated on company business plans and goals
- Percent of employees educated on company financial metrics

There may be other important measures of workforce analytics impact that should be considered and we invite you to contribute your ideas by emailing your thoughts to us. We also invite you to participate in the survey itself, the [Workforce Analytics Benchmark Survey—2006, by clicking here.](#)

Workforce Analytics Survey

For the **Complete findings** from the *Workforce Analytics Benchmark—2006* survey including:

- √ Implications & Analysis
- √ Recommendations for Action
- √ Solution Provider Directory

[First take the survey](#), then on August 31, 2006 **visit the**

[Human Capital Management Homepage](#) to download the free report.

Related Research

[*The HR Executive's Agenda*](#); September, 2005

[*Workforce Optimization in Retail*](#); June, 2005

[*Kronos: Workforce Management Beyond Time and Labor*](#); October, 2005

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