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Workforce Analytics

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WORKFORCE ANALYTICS: HOW TO DEFINE, MEASURE AND DRIVE PRODUCTIVITY IN TODAY'S ORGANIZATION

No dimension of an enterprise is more important than people. It is the most decisive and, usually, the most expensive ingredient needed for success. Fortunes are not made from products. Anything for sale is really the sum and substance of intangibles—human ideas—transformed into something tangible—a commodity.

The concrete value of a widget, a new medicine, a machine or of any marvel created by a business can be measured, readily and quite directly. That is what the balance sheet is all about—profit and loss—stark data, in black and white. Or, said more pointedly, in black and red ink, as the case may be.

And yet, despite the fact that the human dimension is so critical to a business' value, it is much less amenable to statistical understanding. It is a complex variable typically distilled to a blunt percentage on productivity, an important but relatively one-dimensional metric that is also a number assembled usually "after the fact," once a business process has already played out. That means a limited opportunity for observation, refinement and improvement while a project is still in progress.

But what if the human element could be quantified in a more multi-dimensional way? And what if data could actually drive productivity and, ultimately, results? Peter Drucker, the renowned management consultant, once said, "If you can't measure it, you can't manage it." In other words, the more measurable the human dimension of an enterprise is, the more effectively and efficiently workflow and productivity can be managed and enhanced.

The human element can be quantified and understood. That's the essence of Workforce Analytics.

Be **prepared** to drive productivity

WHAT IS WORKFORCE ANALYTICS?

Workforce Analytics is the comprehensive and continuous assembly and evaluation of data on “who is doing what?” and “how well?” in an organization—around the building, around the country, and around the world.

- It is a proactive approach to employing and retaining the best talent. It is the creation of a culture of constant talent management, as opposed to merely filling a job and only later checking in on performance, months or a year down the line. It is human resources optimized.
- It is about much more than just monitoring behavior—it is about motivating it. Through workforce analytics, managers have access to a 360-degree view of who is doing what and how well they are doing it. If measurement and management are linked—when work and productivity are transparent and quantifiable—behavior is close to follow.
- It is a way to gain visibility into the organization’s largest single expense—the flexible workforce. Workforce analytics enables companies to identify human capital needs before they even arise and efficiently allocate resources globally to staff projects appropriately.
- It is a holistic approach, from hiring to retiring and the many stops along the way that now comprise the ebb and flow of any modern, global workforce. It is about how companies retain existing workers and attract new ones. And it is about balancing the needs for permanent versus flexible talent.
- At its core, successful Workforce Analytics is about a streamlined, inspired workforce firing on all cylinders so that a company does not just survive, it thrives.

IT WORKS!

Aberdeen’s 2011 HR Executive’s Agenda study¹ concluded that businesses that apply Workforce Analytics are nearly three times as likely to achieve best-in-class as those that do not. The study also found that only an estimated 35 percent of organizations currently use analytics. Only another 38 percent say they plan to do so. Right now, though, taking a wait-and-see, “when-we-get-around-to-it” attitude may be perilously out of touch with the times.



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¹ Saba, Jason. “Workforce Analytics: They Work!” 10 February 2011. <http://blogs.aberdeen.com/2011/02/10/workforce-analytics-they-work/>

NO TIME LIKE THE PRESENT

Human capital is always precious in any economic cycle, good or bad. But it is never more critical than when a recovery is gaining steam, like the moment we are in now. Fragile though the upturn may be, the competition to retain and attract the best and brightest is intensifying. Workers with the right skills are cutting loose from the holding pattern maintained at the height of and in the immediate aftermath of the Great Recession.

AS CAROL ASHTON, GLOBAL CHIEF HR OFFICER FOR ERNST & YOUNG PUT IT RECENTLY, “HOLDING ON TO KEY TALENT IS LIKE TRYING TO KEEP FROGS IN A WHEELBARROW.”²

As important as key employees are, keeping them begins with knowing who they are and what they are capable of accomplishing. Workforce Analytics provides a more clear and precise gauge of worker talent than traditional evaluation approaches. This insightful measurement enables a business to act—to recognize, reward or reassess. The risk for companies that do not adopt this approach, that hesitate to engage programs and incentives to retain and attract the best and brightest employees, is that they will be caught flat-footed when the race for talent turns into a sprint.

And it can happen fast. Companies are still cautiously holding back as much as a trillion dollars in cash reserves, but with the urgency for growth among shareholders amplifying there is tremendous pent-up demand. Workers, as well as companies, are impatient for new challenges, anxious for a chance to expand, and this environment is expected to continue throughout 2011. In fact, according to the Worldwide Employee Relocation Council (ERC), more than 90 percent of companies in the U.S. say they are already having a challenging time finding the best people.³

The competition is going to be fierce this year for businesses to attain or retain the most productive, creative, reliable employees. But identifying who they are, where they are, and how to keep them or bring them on board will be fundamental to success. Incorporating Workforce Analytics into a company’s game plan now can go a long way to getting it done.

² Blumenberg, Al. “Global Workforce Mobility: Challenges and Opportunities”. November 2007. HR Management.

³ Ibid.

THE NEW NORMAL REQUIRES A NEW APPROACH TO WORKFORCE DESIGN

Intense as the war for talent can be at the moment an economy turns up, the time of change we find ourselves in now is, unquestionably, also haunted by an unusual degree of uncertainty. The comeback is happening, but slowly. We are in, as has been much discussed, a “new normal.”

Definitions of what that means can vary, but all interpretations are grounded in the conviction that the flush years that preceded the downturn are gone for good. Caution in decision-making must balance the impulse to be bold. There is a keen awareness that the imperative to grow must be juxtaposed against the risk of moving too fast and spending too much.

That means new vigilance not only on who is hired, but for how long. To this end, companies view a flexible workforce—non full-time employees—as a critical solution to gaining flexibly where needs arise. With a more dynamic workforce, companies are able to fill urgent gaps and core employees are able to stay focused on their priority projects. They can also make flexible hires who possess the exact expertise required to quickly turn around a time-sensitive project—time-critical being a key phrase in this time of cautious optimism to quickly find ways to drive new revenue.

This new modality in work requires a higher degree of precision to fully understand the complexities of managing a workforce woven of both permanent and flexible employees both in the U.S. and abroad.

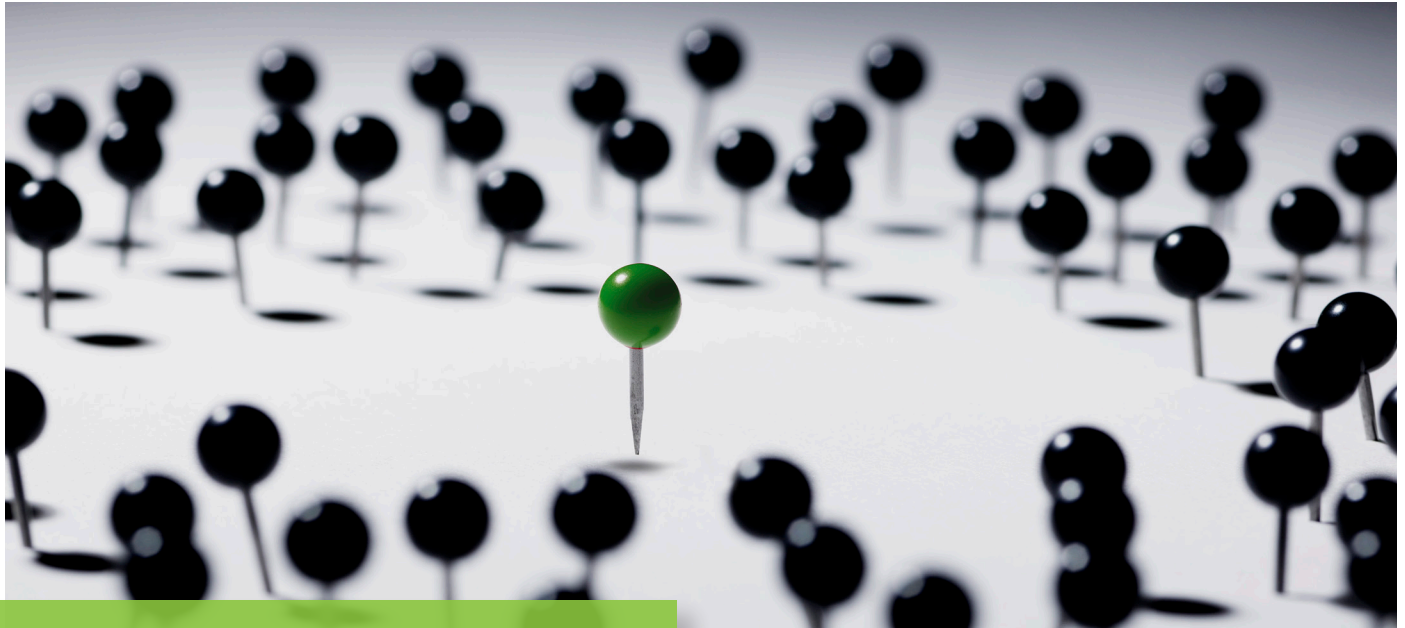
NEW APPROACHES ARE NECESSARY
IN THE NEW NORMAL AND ROOTED IN
THE MINDSET OF WORKFORCE
ANALYTICS.

NEW METHODS FOR NEW TIMES

The traditional way of devising a hiring plan has been based on the company’s annual business forecast. That is a 20th century approach that is of diminishing value in today’s more complicated and accelerated business environment. Stepping back once a year will yield a plan, but it is likely not the best plan for constantly evolving times.

And companies know it. Recent research indicates that, not surprisingly, static spreadsheets are used universally or regularly in 96% of human resource organizations. But 39% are not satisfied with this approach, and roughly half say they do not know enough about what to do with the numbers in front of them even though nearly all are keen to have better, clearer insight on their talent, productivity and results. According to the same study, 94 percent of enterprises say gaining greater visibility about progress toward goals and targets has the highest priority in their organizations.⁴

4 Smith, Mark , “Human Concepts Brings Workforce Analytics and Mobility to the Cloud”. Ventana Research, 4 March 2011 <http://www.ventanaresearch.com/blog/commentblog.aspx?id=4201>



94 PERCENT OF ENTERPRISES SAY GAINING GREATER VISIBILITY ABOUT PROGRESS TOWARD GOALS AND TARGETS HAS THE HIGHEST PRIORITY IN THEIR ORGANIZATIONS.

It makes sense. In any business, after all, employment strengths and weaknesses are reflected not just yearly, but continuously. Data on outcomes—on what worked and what did not—is always there, particularly on the flexible workforce which fluctuates constantly. The question is whether the data is being sufficiently analyzed and integrated into planning.

What is perhaps most fundamentally different about Workforce Analytics is that it is an approach that insists on and enables a more constant aggregation and analysis of data. If the success or failure of a given project is not personalized to the precise level of who got it done and who did not, no amount of statistics from a given project can build the sort of broad picture necessary to truly optimize performance. A company's economists and demographers along with the HR professionals who source and manage the collective manpower must focus not only on the what of a given result, but also on the who and why—an ongoing assessment of the people responsible for wins. Timelines that impressed, sales that surged, deals that got delivered constitute the raw data of Workforce Analytics and are analyzed and distilled to highlight and measure the value of each individual—both full-time and flexible—and pave the way for repeated success.

Further, if workforce planning is still too frequently based on annual results, it is also too often driven by crisis. By the time a big problem arises, it is arguably too late to “fix.” Disruptions cannot be wrung out of the system entirely, of course, but the more you know about what is working at a given moment, and why, and because of whom, the more prepared you can be to shift directions when difficulties flare, as they inevitably will. A more continuous and dynamic collection of data, constantly being analyzed and considered by the business, organically prepares a company to proactively meet requirements before they become emergencies. Crisis cuts deepest when the resources to cope with it are not there. Those resources are much more likely to be available when workforce planning has been ongoing and trends are identified before they evolve into larger issues.

CASE-IN-POINT—A MAJOR U.S. BANK REVAMPED ITS PLANNING APPROACH TO STUDY ITS WORKFORCE MORE CONTINUOUSLY. THE RESULT? EMPLOYEE REDEPLOYMENT INCREASED FROM 12 TO 18 PERCENT, REDUCING THE NEED FOR LAYOFFS AND SAVING THE COMPANY \$18 MILLION.⁵

Greater integration across silos (and borders) is also important. The data necessary to increase the scope of the analysis of a company’s workforce exists—it just needs to be effectively tapped. That also means employing tools to bridge silos across divisions and departments where information is often hoarded or walled off amid different reporting methodologies. If combined and integrated, the various data would provide much more potent sources for decision-making and could be used to ignite new processes and systems.

As comprehensively as companies need to look at their own operations, they also need to persistently survey the global economy—and their global workforce, if they have one—and look beyond the four walls of headquarters.

A true analytical approach factors in information about the company itself as well as the economic climate overall. Winds that blow from Asia affect the weather in Kansas City, and vice-versa. All of this data should be integrated to give companies a more complete picture in order to pursue effective practices like, for example, sourcing flexible labor globally and efficiently to build a new call center. The more you know about your entire company, the better.⁶

This holistic perspective can be achieved harmoniously by unifying three aspects basic to the creation of any analytics structure.

5 Clarke, Russ and Houston, John. “Seeing Around Corners: Leveraging Advanced Workforce Analytics” Deloitte Debates. 16 March 2010. http://www.deloitte.com/view/en_US/us/Services/consulting/human-capital/f6f6f6b085912210VgnVCM100000ba42f00aRCRD.htm

6 Ibid.

Workforce Analytic: Three pillars

A successful approach to Workforce Analytics is supported by three pillars

1

Workforce optimization

Workforce optimization itself, as a methodology.

2

Talent management

The mindset of moving beyond an annualized approach and just filling chairs.

3

HR service optimization

Explicit support for the HR driver throughout the organization, from the company's financial leadership in charge of procurement to the IT team, which will help ensure everything gets up and running.⁷

ONE SIZE DOES NOT FIT ALL

While the three pillars are the basis of any successful approach to Workforce Analytics, it does not mean one size fits all.

Several companies offer workforce optimization resources, but a successful methodology or software must take into account your company's unique attributes. Successful Workforce Analytics cannot be achieved with a "turn key" mentality. There should be a customized approach, not just reliance on a generic tool to crunch numbers. Inserting a piece of technology into a company's system is simply not enough. The basic reporting mechanism that assembles information must be tailored according to the needs and goals each individual enterprise and should be adjusted regularly as companies continually evolve.

In addition, the data is almost never clean, and requires human involvement and intuition for effective analysis. Over-reliance on the tool alone can lead to misinterpretations because exceptions and outliers in the data that impact and possibly skew trends go unnoticed.

Businesses that rely on the simple output of system data could be seeing an inaccurate portrayal of their workforce and make critical decisions based on the influence of these exceptions.

For instance, one company saw that at first review, the bill rates for their contingent workers trended downward in a given quarter—a positive outcome. However, upon deeper analysis, they discovered that the bulk of the tracked workforce consisted of those from a summer training program who were compensated at a lower-than-average rate, skewing the overall data. When these summer hires were taken out of the equation, the actual billing rates were higher than in previous quarters and required appropriate action to address the issue.

⁷ Saba, Jason. "Workforce Analytics: They Work!" 10 February 2011. <http://blogs.aberdeen.com/2011/02/10/workforce-analytics-they-work/>

The goal, ultimately, is to discover what has been missed and where there is opportunity—the new and meaningful patterns of behavior across the breadth of an enterprise. These patterns will be different in every case—grounded, most fundamentally, in the distinctiveness of what a company does, how many people work for it and where, and whether they are flexible or permanent employees. Without a doubt, businesses engaging in Workforce Analytics need technology tools to gather the data. But successful Workforce Analytics is not possible without human intervention and intuition to understand and extract the intelligence from the data to better inform business decisions.

WORKFORCE ANALYTICS: QUALITIES AND METHODS

One size does not fit all when it comes to workforce data, but there are some basic qualities and a general methodology applicable to any strong analytics program.

QUALITIES

Interactivity: Workforce Analytics needs to be used as a living tool—a way to get beyond the balance sheet by examining multiple data categories that are dynamic, visual, easily accessible, highly intuitive and have comprehensive historical data built-in and integrated, including exceptions and outliers.

Intelligent: Answers to questions are important, but the best analytics programs also provide enough context to enable companies to consider what kinds of questions to ask in the first place. It is a fundamental manifestation of not taking a one size fits all approach. Customization of data enables analysis that is truly predictive, by engaging all levels of the root causes of a given company's inefficiencies, both at a given moment in time and beyond, including the ability to look ahead to that especially vital question: "What if?"

Actionable: The abstraction of data on a company's strengths and weaknesses must always be firmly tied to real world recommendations—the, "so what do we do now?" numbers on a page are not enough. Identified, measured trends must guide management decisions and lead to cost savings and risk mitigation. The 360-degree view is nothing more than a picture if the statistical insight is not translated into recommendations for change in the scale and expectations of individuals and teams.

Motivational: If Workforce Analysis must include recommendations for action, these recommendations should ideally go beyond mere mandates – beyond simply the imposition of better performance metrics. The larger goal should be to create a pervasive culture of excellence by instilling greater awareness of what is working and what is not. Employees need to have a stake in best practice through rewards and incentives.

Successful Workforce Analytics must be about more than monitoring. The most successful application of data should communicate an emphasis on the shared satisfaction and benefits of doing a job well. Workforce Analytics is a new corporate mindset, from the C-suite to HR, but it also can and should encourage a fresh, animating psychology and culture of excellence among the workforce itself.

Methodology						
PHASE	1	2	3	4	5	6
	Initiation	Solution Analysis	Solution Construction	Configuration	Testing	Deployment
BEELINE	Assignment of resources; initial reporting plan and timeline established.	Immersion; defining distinct corporate structures scope, the “as-is” of current workflow	Gap Analysis; data on actual versus potential performance broken out; “To be” workflows and compilation of current supplier management modalities charted.	Program creation and initial implementation integration reports, flags and settings, terminology	User Acceptance Testing (UAT), from the level of client, finance and the larger integration into the business.	Program integration

WORKFORCE ANALYTICS AND FLEXIBLE LABOR: THE ROLE OF VENDOR MANAGEMENT SYSTEMS

The broad view of what an analytics program should entail can be narrowed to a more specific example. Within the universe of Workforce Analytics, Vendor Management Systems (VMS) are specifically designed to ensure that a flexible labor force – all non full-time employees of an organization—is functioning as well as possible. Today’s “new normal” is characterized by a keen desire for growth but with cautious reservations against taking too many risks. In this type of environment, a company’s flexible workforce assumes particular value and relevance.

VMS exemplify how quickly and decisively Workforce Analysis can be implemented. It is most often an Internet-enabled, web-based application that helps manage and procure staffing services from requisition to billing and reviewing, delivered through a software-as-a-service (SaaS) model. VMS affords an immediate and complete view of a flexible labor force, providing dramatic improvements in reporting and analytics capabilities over manual systems and processes.

Whether operated externally by a Managed Service Provider, by the Vendor on Premise, or internally within an organization by a Vendor Management Office, VMS enable fast analysis of performance, spend, compliance and vendor performance, eliminating the need to draw conclusions from stacks of reports and thickets of spreadsheets.

At the heart of VMS is the ability to ask the right questions. Highly customizable charts and clear, interactive visuals are derived by marrying the right lines of inquiry with an easy and cost-effective methodology. What is a company's flexible labor headcount globally? How much is the organization spending on flexible labor? Are there redundancies with the same job being done in Brazil and China? What about compliance, amid the multiplicity of requirements of a global workforce? Who is an outstanding supplier and how might what they do right translate into improving the performance of others or even facets of your own business?

Adapted to a company's precise needs, application of a tool like VMS can transform voluminous data points—such as spend, savings, labor requisitions, offers, contracts, rate cards, cycle times and demographics—into aggregated information that can be closely and comprehensively analyzed to identify trends, manage risk, and uncover patterns that enable better management and ignite new levels of motivation in order to impact that stark measurement—the bottom line.

WORKFORCE ANALYTICS IN THE GLOBAL VILLAGE

Even in challenging economic times, businesses continue to expand their international reach. U.S. companies created 1.4 million jobs overseas last year⁸—and managing and assessing a 24-hour-a-day, full-time and flexible, employee base around the world can prove daunting. That's why Workforce Analytics' ability to extend beyond the contingent workforce and help tackle the tremendous challenge of managing a total global workforce makes it extremely compelling.

For example, one piece of data across an organization—turnover—can raise a number of additional questions. Does your information go beyond simply “an employee leaving the company?” And how should you distinguish churn—the routine departure of less valuable workers—from the loss of key members of your company?

This is what Workforce Analytics is all about—knowing the individual value of a manager in Dallas, Dubai or Dhaka and managing, motivating and rewarding them accordingly. Workforce Analytics is about having the precision to enable the right assessments and the creation of a whole new level of visibility, insight and foresight across the entire global organization.⁹

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It is the creation of visibility, like analyzing headcount in an office in the Philippines in order to distill the ROI of a given labor expense through cost analysis. It is insight, through an ability to integrate the nuances of regulatory requirements on future hiring plans. And it is foresight, by having constantly updated data on changes in the workforce, like impending retirement that may necessitate new training.

As daunting as some challenges of the global workforce may be—from national compliance regulations to exchange rates—a global analytical approach can help overcome these challenges and redefine how your company looks at, uses, and thinks about data across your entire enterprise.

Workforce Analytics is the better way.

⁸ Gogoi, Pallavi. “Where are the jobs? For many companies overseas”. 28 December 2010. Associated Press.

⁹ Agarwal, Rishi. “Workforce Analytics for Global Enterprises” Webcast. 5 June 2007. Human Capital Institute.

Conclusions

An economy that has never been more complicated demands a more comprehensive commitment to measuring the most fundamental ingredient in the success or failure of any enterprise: **people.**

The need to identify the people who bring the most value, and to cultivate and to motivate them, can be satisfied by Workforce Analytics. This approach can provide you with the wide-angle, in-depth view of your global labor force—from the factory workers to the higher level thinkers and executive leadership—so critical to success in the 21st century.

The thinking goes that if you can't measure it, you can't manage it. But the exciting news is that now you can measure it.

Companies that do, in good times and bad, will not fail to measure up.

About Beeline

Headquartered in Jacksonville, Florida, with offices worldwide, Beeline is the market leader in flexible workforce solutions managing active contractors and contingent and project-based labor spend. Size, stability and expertise have put Beeline on top in a field of growing importance. Through Beeline's ever-expanding global network of local knowledge, we have the tools to partner with you anywhere in the world. For more information on Beeline, visit www.beeline.com.

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