



## Making Data-Driven Decisions Using Human Capital Analytics

For many diversity and HR professionals, the fear of mathematics can be traced directly back to multiple semesters of boring and overly complex educational torture. There was no way you were ever going to need that stuff ... until now. There is a real need for the diversity space to build a Human Capital Analytics (HCA) framework to drive ongoing HR and personnel investment decisions.

Understanding this need begins with understanding HCA itself. Though some of the numbers are complex, this is not a math problem set to be feared. Instead, HCA can help with monitoring the financial and non-financial elements of HR's contribution to your firm's strategies around engagement, leadership development, learning, and diversity. Seeing how it is used successfully can be the final illustration of why HCA was made to be embraced by smart professionals world-wide.

### Understanding HC

HCA takes the subjective nature of HR practice and replaces it with hard numbers. These numbers represent some of the biggest challenges for your firm – metrics may include the return on training investments, employee morale numbers, and turnover costs. They are free of prejudice and represent just facts on the ground.

The relationship between this hard data and human capital strategies has to do with maximizing the potential of both policies and people. Data analytics provide real insights into which HR moves are paying off and which need replaced. They can provide starting points for more meaningful strategy planning sessions and take some of the mystery out of managing any given workforce.

### Monitoring the Financial and Non-Financial Impact of HR

Getting the data to the forefront helps assess financial and non-financial HR contributions to the organization. From a diversity perspective, this is vital in building partnership with HR leaders and eliminating stereotypes or misperceptions from strategic initiatives. Overall, HCA can help firms make significant progress on their four biggest challenges - Employee Engagement, Leadership Development, Learning & Development, and Diversity & Inclusion.

On the employee engagement front, HCA can help differentiate between engaged and non-engaged populations. This pulls out useful metrics around performance needs, the net return on engagement investments, and potential red-flag areas. Management teams can be more effective in addressing engagement issues and have a better sense of an often intangible area.

For leadership development, HCA guides smart talent development investments. When linked to an effective performance management system, HCA can help pick out key future leaders based on their



real competencies and abilities. This helps both workers and management feel as though leadership development is a merit-based and science-based process rather than an unequal game of favoritism.

Learning & Development (L&D) benefits a great deal from HCA. Metrics separate useful activities from time wasters as well as set up systems to effectively evaluate training outcomes over time. Coupled with existing evaluation tools, the extra boost of HCA can give L&D teams greater control over investment returns and hard skill development.

For Diversity & Inclusion HCA is critical for building the business case for diversity at your organization and showcasing inequalities where they exist. HCA provides hard points of comparison in candidate pools, helps assess funding impact across spaces, and provides the dollar for dollar return on diversity programming. It can build credibility, justify programming choices, and prove the value of ongoing investments.

All in all, HCA allows for evidence-based decision making in key business strategy areas. Becoming knowledgeable and comfortable with HCA forms and decisions can give your business a key competitive advantage.

### Successful HCA Applications

Don't doubt that HCA could be successful at your firm. Large and small businesses in a variety of industries are successfully using HCA applications. HCA can help manage changing environments, fast-paced environments, and areas where clarity is lacking. It puts meaning behind all HR activities and links directly to core business needs.

In the case of General Parts International, the need was to rapidly adapt. The firm's Carquest Auto Parts stores were facing an evolving business environment that wasn't being served by traditional HR measurements. By implementing an HCA driven HR dashboard, the firm was able to manage bottom line impact of HR decisions and allocate resources more effectively to shift the ground culture.

For Lowe's, the need was to develop a strong talent pipeline across a global framework. Beginning in 2007, the company activity pursued HCAs that were linked to bottom-line needs. They secured executive buy-in, did an audit of the existing data feeds, carefully built a framework for analysis linked to key performance themes, and started taking action on their findings. The net result was an improvement in talent outcomes, the creation of a flexible HR system attuned to the business's seasonal ebb-and-flow, and greater respect for the HR function within the organization, according to SVP of Learning and Organizational Effectiveness Cedric Coco.

Looking at these successes, it is clear that the diversity function can build a strong set of HR outcomes by pushing for HCA systems. With objectivity and with clear links to strategic goals, HCA systems can bring new life into diversity planning and execution. Open the conversation today – and see what results HCA brings to you in the future.