Sage Abra HRMS | White Paper

The Data-Driven HR Organization
How to Achieve It and How to Benefit from It
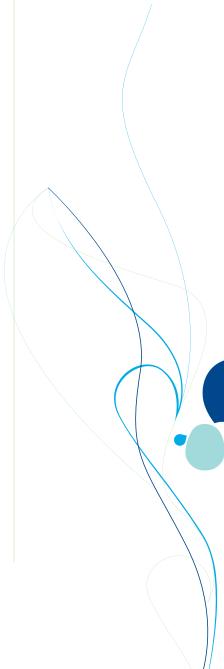
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The Data-Driven HR Organization white paper addresses the following areas:

"Data Driven." Sounds Great, But What Exactly Is Meant by It?

As is so common in the high-tech industry, a cool-sounding phrase has been coined to attract your attention. And like many of these phrases, "data-driven" is a fancy way to encourage you to focus on a very simple concept—basing your HR business decisions on the information that your organization has gathered. Employee information, payroll information, hiring and termination activities . . . and so on.

"But of course!" you say, "No one makes decisions in a vacuum." (Well, let's hope not, anyway.) But "data-driven" means more than just making intelligent decisions based on business information. And that is because in many HR organizations, decisions are initiated by an individual and then supported by corresponding data.

"Data-driven" turns this process around. Intelligent decisions are initiated by data and then acted upon by individuals.

The following pages detail how an HR organization goes about achieving a data-driven business model and the benefits that result from it.

Step #1: It All Starts with the Data

A data-driven business model isn't much use without the data. Whether it's employee data stored in an HRMS application, sales information stored in a CRM (customer relationship management) application, or financial data stored in an ERP system, you can't have your organization driven by data if you've no good place to store it.

But this is where you need to be extremely careful in selecting the software solution(s) you will be using to store your business data. And the primary question that many organizations still struggle with today is whether they want to go with an "integrated" (cross-departmental) solution or individual "best-of-breed" business applications.

To make the right choice for your organization, it's useful to take a quick look at the evolution of office automation software.

Twenty-five or so years ago, integrated solutions rarely existed; organizations were forced to select best-of-breed solutions that resulted in islands of information within a business. These solutions were useful on a departmental level but virtually useless on an organizational (or enterprisewide) basis. Simply put, the solutions not only did not talk to each other, but they spoke entirely different languages altogether. The need to combine and analyze information on an enterprise level was incredibly time-consuming and virtually impossible. If meaningful "big-picture" data was eventually extracted from such disparate systems, it was often extracted too late to be usable in any meaningful business decisions.

Fast-forward to about 15 years ago and to the rise of enterprisewide solutions. Nice concept, but bad execution. These original enterprisewide applications were clumsy, lumbering behemoths that were designed to appeal to executive decision-makers without regard for usability, departmental needs, or company-specific customizations. Task-specific functionality was sacrificed, customizability was minimal, and ease of use was pretty much nonexistent. Unfortunately many organizations bought into this new concept as it was made to appeal to executives, and businesses learned the hard way that they needed equal support of departmental focus along with enterprisewide integration.

So now we come to the most recent years in software development, and the good news is that businesses can now have it all. The technology behind enterprisewide solutions has finally caught up with the promise of such solutions. The best enterprisewide applications incorporate best-of-breed line of business functionality—such as comprehensive HR management married to equally robust ERP capability—and along with it offer extensive flexibility and essential user friendliness.

But be warned—not all of today's enterprisewide solutions deliver on this promise.

Typically, the best enterprisewide solutions are not built from the ground up, but rather have evolved from best-of-breed departmental solutions that have been carefully married to integrate and work together. This approach means that an enterprisewide solution has first satisfied the needs of the individual departments (such as HR) that will be using it on a day-to-day basis. Think of it as a "technological house" in which the individual rooms and functions must be designed before the various parts are put together to operate as a whole.

So, when considering your front-office and back-office software investment, don't settle for a solution that fits either HR needs or enterprisewide needs. There are solutions that do both, but you need to review and evaluate potential solutions based on their ability to satisfy both requirements. Look at solutions from both perspectives, and never—ever—let a vendor tell you that you can't have both.

So, Step #1 is to identify and implement the HR software solution that tracks and stores the data that is critical to your organization. Compared with Step #2, this is the easy part.

Step #2: Recognizing Your Data's Voice

How do you know when your HR data is trying to tell you something?

Most HR organizations rely on reports—reams of them. Chances are, if you poke your head into an HR manager's office these days, you'll see his head buried in a report. But that's not listening to your data's voice—that's searching for it.

And not many companies can afford to have their HR staff spend hours a week searching for the occasional employee anomaly—which is all too often missed due to more important things on an HR staffer's to-do list.

Depending on what HR data you're tracking and what you need to know, your data might want to tell you such things as:

- "Hey—this employee's review is due . . . "
- "Ahem—the new benefits plan for Sam Smith is effective today . . . "
- "Did you know that Don Jones has more than 20 hours of overtime this month . . . ?"

In order to give your HR data a voice, you first need to identify what you might want it to tell you. For example, you might not need your data to tell you when an employee's review is coming up, but you might want your data to tell you if that review becomes overdue.

So, Step #2 in enabling a data-driven organization is to identify those data conditions that should drive decisions within your HR organization. Generally speaking, there are eight types of data conditions that you should consider:

1. **Date-sensitive conditions.** Often the only kind of condition that an HR organization hears from its data on, this typically includes being told about new hires, certifications about to expire, leave of absences starting or ending, and so on.

2. **Approaching thresholds.** Aside from time-dependent issues, thresholds are most typically numeric in nature and can include such things as employees with excessive overtime, sick time, or vacation time, training classes with too few attendees, and more.

3. **Exceptions to normal processing.** "Exception management" has long been a hot topic among executives but is too often ignored in HR due to the time required to look through many haystacks for just the odd needle or two. Examples would be excessive pay rate increases, employees who have failed drug tests, and unapproved absenteeism.

4. **Things that have not happened—but should have.** Today's HR organizations are so focused on what data they do have that they often fail to consider what the absence of certain data might be telling them. Potential hires who have not been interviewed, activities that have not been followed-up on, and visas that have not been renewed are all good examples.

5. **Data Integrity.** The old saying "garbage in, garbage out" certainly applies to HR data, and although many HR applications include what's called "field validation," that often goes only so far. Checking to see if phone numbers have the correct number of digits, or that performance reviews have been fully completed illustrate how your HR data can patrol itself for quality.

6. **Trend Analysis.** A recent survey showed that the most asked for information among company executives was trend analysis. Unfortunately, the majority of trend data does not warrant an action, but if you tie the concept of trend analysis with the concept of threshold monitoring (for example, show an employee whose absenteeism has increased or decreased by "X" percent over a certain time period), and that's where you need your HR data to speak to you.

7. **Data Inconsistencies.** Ever see a colleague review an HR report only to have them utter that wonderful phrase, "Well that doesn't make sense . . . ?" Much as we'd like to deny it, a lot happens in our daily HR activities that doesn't make sense—such as an employee on vacation next week who's also scheduled for an appointment during that same time. A data-driven HR business model points out these incongruities.

8. **Data Changes.** HR data is far from static—pay rate changes, benefits changes, job advancements, even HR service provider changes. You don't have the bandwidth to be aware of all such changes in your HR application, but you can't afford to miss the critical ones.

So, your responsibility is to identify those times when you want your HR data to speak with you. Call it business conditions, call it trigger points, or call it something else, the single most important step in achieving a data-driven HR organization is to understand when your HR data needs to talk to you.

For many HR organizations this is a challenging task, as the question, "What is it we want to be told about?" is not easily answered due to the fact that you often don't know what you don't know. But as easy as it is to be daunted by this task, there are some tips to accomplishing it. First, review your current HR application's reports and ask yourself, "What is it we're looking for when we run these reports?"

Perhaps the simplest approach is to start small. Take your HR system and identify the most basic element within it, such as employee records. Look at each element of data associated with an employee and ask yourself whether you need to know when that information meets certain criteria. In an employee's "review date" field, for example, you might want to know if the review date is blank, if it is "today," if it's within "X" days, or if it's in the past and yet the employee has not been reviewed.

You can even expand your thinking from there and consider whether it would be worth knowing if more than "X" employees for a specific manager have upcoming reviews, or if that manager has more than "Y" overdue reviews. You'll find that once you start to imagine "value scenarios" for just one HR field, similar scenarios start presenting themselves for other fields more and more easily.

Step #3: Enabling Your Data to Use Its Voice

Recognizing the voice of your HR data is useful only if you empower your data to use its voice.

After all, there are countless HR organizations today that know at least some of what they want to look for within their corporate HR data. (They have identified at least a few of the preceding eight business conditions.) But most of these organizations stop short of being data-driven for the simple reason that they do not empower their HR data to come to them; they are stuck in the age-old habit of going to their data to look for what they need to know.

So the third—and final—step in enabling a data-driven HR business model is to allow your data to come to you.

This process requires its own technology, referred to most typically under one of two headings—Business Activity Monitoring (BAM) or Operational Business Intelligence (OBI). Both refer to the same thing—a technology that enables your HR data to automatically be monitored to look for conditions that are important to your organization and then trigger one or more automated responses. In this way your HR data is the initiator of intelligent actions across your organization.

Now . . . if this technology sounds a bit like a combination of business intelligence, alerts, reports, and workflow, you'd be right—that's exactly what it is. BAM is a unique combination of those four different but related technologies.

Business Intelligence, which comes into play as a BAM solution, is very sophisticated in terms of the types of conditions it monitors within an underlying HR application. Like BI solutions, a BAM technology is application-independent; it is not typically built within an underlying business application (such as an HR system) but rather sits alongside it so that the BAM technology can integrate with multiple business applications (HR, CRM, and ERP), both individually and jointly.

(This model makes a BAM solution ideal for complementing an organization's "best-of-breed" approach in obtaining various business software solutions.)

But unlike a BI solution, BAM technology operates in an automated manner. It does not require a user to manually interact with an analytical tool, but rather the BAM solution automatically scans HR (and related) data sets for the information that an organization is interested in.

Once the BI part of a BAM solution identifies conditions that an HR organization is interested in, the Alerts component of BAM takes over. Typically, alerts are delivered through a wide variety of devices, including instant message, email, fax, cell phone, dashboard, Twitter™, and so on. Unlike alerts modules, which exist as a small part of HR and other front-office and back-office software applications, the Alerts component within a BAM solution is highly scalable and robust, since it will typically integrate with multiple—if not all—the business applications that an organization has in use.

Reporting—which may be thought of as an extension of the Alerts capability—is also a key part of an overall BAM solution. To be truly data-driven, one must be presented with the most relevant HR data in the most appropriate format to support the most intelligent HR business decisions. In some cases, that relevant data may be no more than a short text message sent to a recipient's cell phone; in other cases, the relevant data may be a detailed analytical report (for instance, Overtime Analysis) or a relevant form or document, such as an employee review form, a 401(k) enrollment form, or even the employee handbook.

Finally there is the Workflow component of BAM. This is perhaps the most sophisticated part of a BAM solution, as it enables a data-driven environment in which the HR data itself not only initiates an awareness within an organization's HR staff, but goes even further to actually act on that HR data.

One example of this would be where a BAM solution detects that an employee is accruing an unacceptably high amount of overtime. The BAM solution could not only notify the employee (and his or her manager) about this condition but could also update the corresponding HR application to disallow overtime for that employee.

Another example would be where a BAM solution detects that an employee has applied to attend a certain training course. The BAM solution could not only remind the employee but could also create a purchase order in a corresponding accounting application to pay for that course.

This is the ultimate in data-driven HR environments, where the data itself initiates not just an awareness of its condition, but also triggers the most intelligent response action.

The Benefits of Being Data-Driven:

There are three primary benefits to making your HR organization data-driven:

- **Expanded Awareness.** As the amount of HR data within an organization has grown, so too has the need to glean better information from that data. Problems that HR organizations assumed were just part of "the cost of doing business" are now identified, acted on, and in many cases, prevented. HR business indicators that were previously only hinted at by virtue of an anomaly here or a trend there are conclusively determined.

  Most importantly, HR decisions are based on proven metrics.

- **Faster Response.** The all-too-common HR refrains of "if only we had known" or "if only we had known sooner . . ." become a thing of the past. As soon as evidence in the form of empirical data is present to trigger a decision or action, it is identified, transmitted, and acted upon.

  HR organizations no longer wait for reports to be run, nor do they wait for managers to review those reports looking for indicators, exceptions, or anomalies.

- **Better Use of Resources.** Employees—particularly HR managers and staff—have better value to offer an organization than wading through piles of analysis looking for indicators that should trigger a response on their part. The value of these people is in determining and executing the appropriate response, so let the indicators come to them, and let them do what they were hired for—make the most intelligent HR decisions.

About Sage Abra HRMS

Sage is dedicated to providing solutions that will help organizations maximize their return on employee investment (ROEI). Built by HR professionals, Sage Abra HRMS addresses the challenges of human resource management, including HR, payroll, benefits, employee self-service, attendance, recruiting, training, and workforce analytics.

With Sage Abra, organizational leaders like you receive accurate information securely, when you want it, where you want it. From on-demand information sharing, to process automation and real-time business alerts, Sage Abra is designed to support executive analysis and decision making. Sage Abra helps HR ensure that the mission-critical needs of your organization are met with the employees and programs you need today—and in the future.

To learn more, please visit: www.SageAbra.com

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888 Executive Center Dr. W., Suite 300 | St. Petersburg, FL 33702 | www.SageAbra.com

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