HR Metrics & Analytics

“BEYOND NUMBERS TO VALUE ADDITION ”

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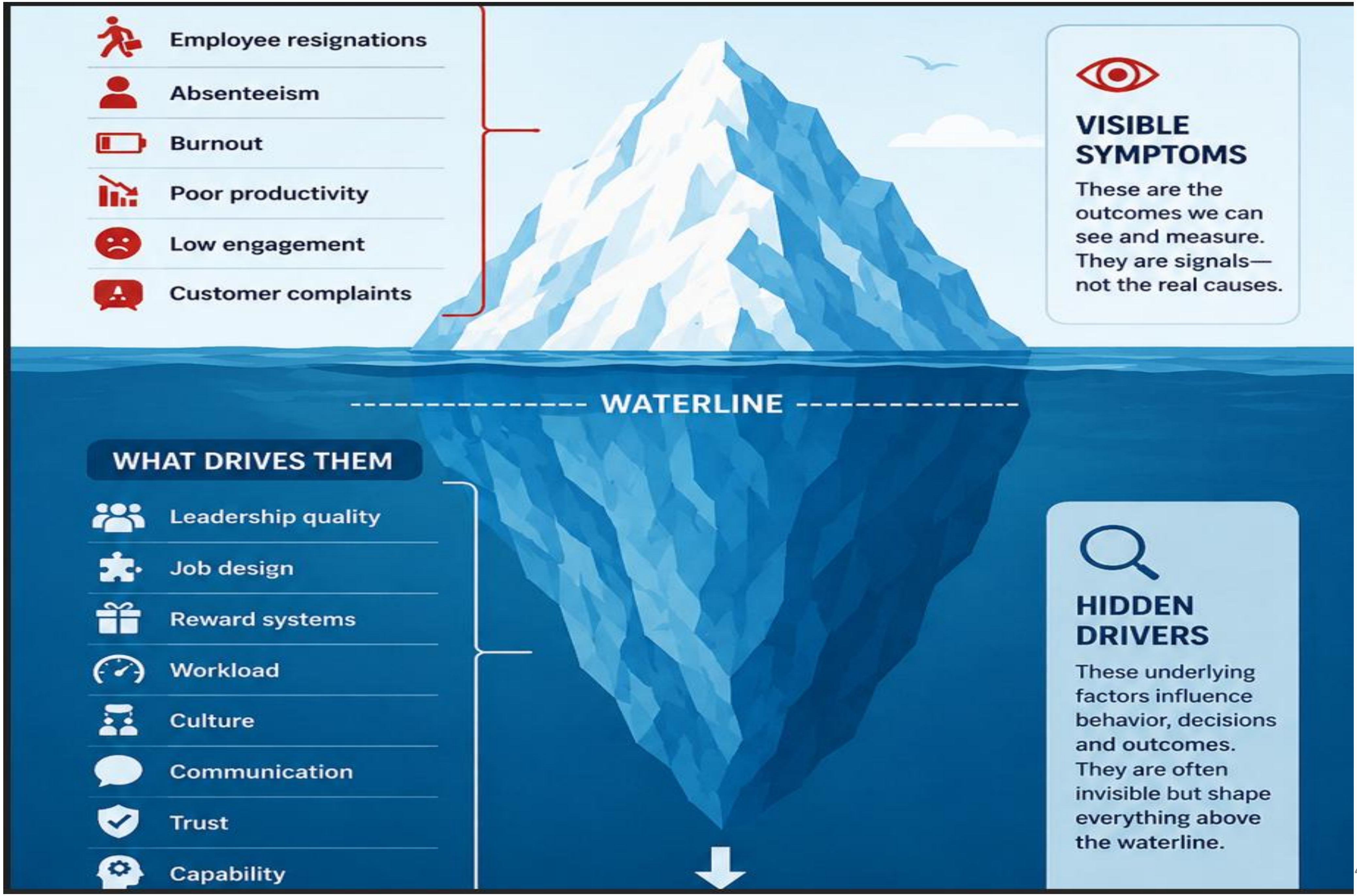
PROBLEM OF THE DAY



Employee resignations
Absenteeism
Burnout
Poor productivity
Low engagement
Customer complaints
VISIBLE SYMPTOMS
These are the outcomes we can see and measure. They are signals—not the real causes.
WATERLINE
WHAT DRIVES THEM
Leadership quality
Job design
Reward systems
Workload
Culture
Communication
Trust
Capability
HIDDEN DRIVERS
These underlying factors influence behavior, decisions and outcomes. They are often invisible but shape everything above the waterline.

HR METRICS - DEFINED

HR METRICS are quantifiable measures that track the efficiency, effectiveness, and impact of people management activities. They answer the question: **"What is happening?"**

HR ANALYTICS - DEFINED

HR ANALYTICS is the systematic process of analyzing HR metrics and other workforce data to uncover patterns, identify root causes, predict future outcomes, and guide better business decisions.

It answers the questions: **"Why did it happen?"**, **"What is likely to happen next?"**, **and "What should we do about it?"**

IMPACT HR METRICS AND ANALYTICS

The purpose of HR analytics is not to measure HR. It is to improve business performance through better people decisions. This moves HR professionals from being scorekeepers to strategic architects.

WHAT TO DO AND HOW TO DO IT

1. Stop Measuring Activity. Start Measuring Value.
2. Every Metric Must Answer an Important Business Question
3. The Business Strategy Determines the Right HR Metrics

WHAT TO DO AND HOW TO DO IT

4	Speed Without Quality Creates Expensive Failure (the efficiency/effectiveness paradox)
5	Benchmarking Can Mislead More Than It Helps
6	Think Outside-In Instead of Inside-Out

WHAT TO DO AND HOW TO DO IT

7 Differentiate Talent—Not Every Role Creates Equal Strategic Value

8 Evidence Must Replace HR Myths

9 Measure Leading Indicators Before Problems Become Visible

10 The Goal of Analytics Is Better Decisions—Not Better Reports

Framework: From Data to Competitive Advantage

01

Start with the business strategy.

What is the organization trying to achieve?

02

Identify the people capabilities required.

What talent, leadership, and culture are needed?

03

Formulate strategic hypotheses.

What people factors are most likely to drive success?

04

Collect only the data that tests those hypotheses.

Avoid measuring for measurement's sake.

05

Generate insights, not reports.

Explain what the data means and why it matters.

06

Enable decisions and action.

Convert evidence into interventions.

07

Measure business impact.

Demonstrate how HR influenced revenue, productivity, customer experience, innovation, or profitability.

Correlation, Causation and Moderating effect

THE BALANCED SCORECARD

The Management System That Turns Strategy Into Results

The Balanced Scorecard is a strategic management system that translates an organization's vision and strategy into:

1. A balanced set of objectives 

2. Measures 
3. Targets 
4. Strategic initiatives 

It aligns every part of the organization toward executing the strategy successfully.

It is an organizational alignment system. Organizations fail because thousands of daily decisions are disconnected from strategy.

How do we ensure that every employee, every department, every project, every budget, and every decision moves the organization toward its strategic objectives?

THE MOST IMPORTANT QUESTION EVERY BUSINESS LEADER SHOULD ASK

Instead of asking

"How are we performing?"

Ask

"Are we becoming the organization our strategy requires us to become?"

Performance measures
today's success.

The Balanced Scorecard measures
tomorrow's capability.

THE EVOLUTION OF BUSINESS THINKING

TRADITIONAL MANAGEMENT

"What happened?" Managers looked almost exclusively at financial reports.

Revenue

Profit

Cash Flow

Expenses

The problem? Financial reports describe yesterday. By the time profits decline, the causes may have existed for years. Financial measures are **lagging indicators**. They tell you where you've been.

THE EVOLUTION OF BUSINESS THINKING

MODERN STRATEGIC MANAGEMENT

Modern organizations ask **"What is causing future financial performance?"**
They discovered that sustainable profits come from

- **Satisfied customers**
- **Capable people**
- **Technology**
- **Culture**
- **Excellent processes**
- **Innovation**
- **Leadership**
- **Learning**

THE FOUR PERSPECTIVES

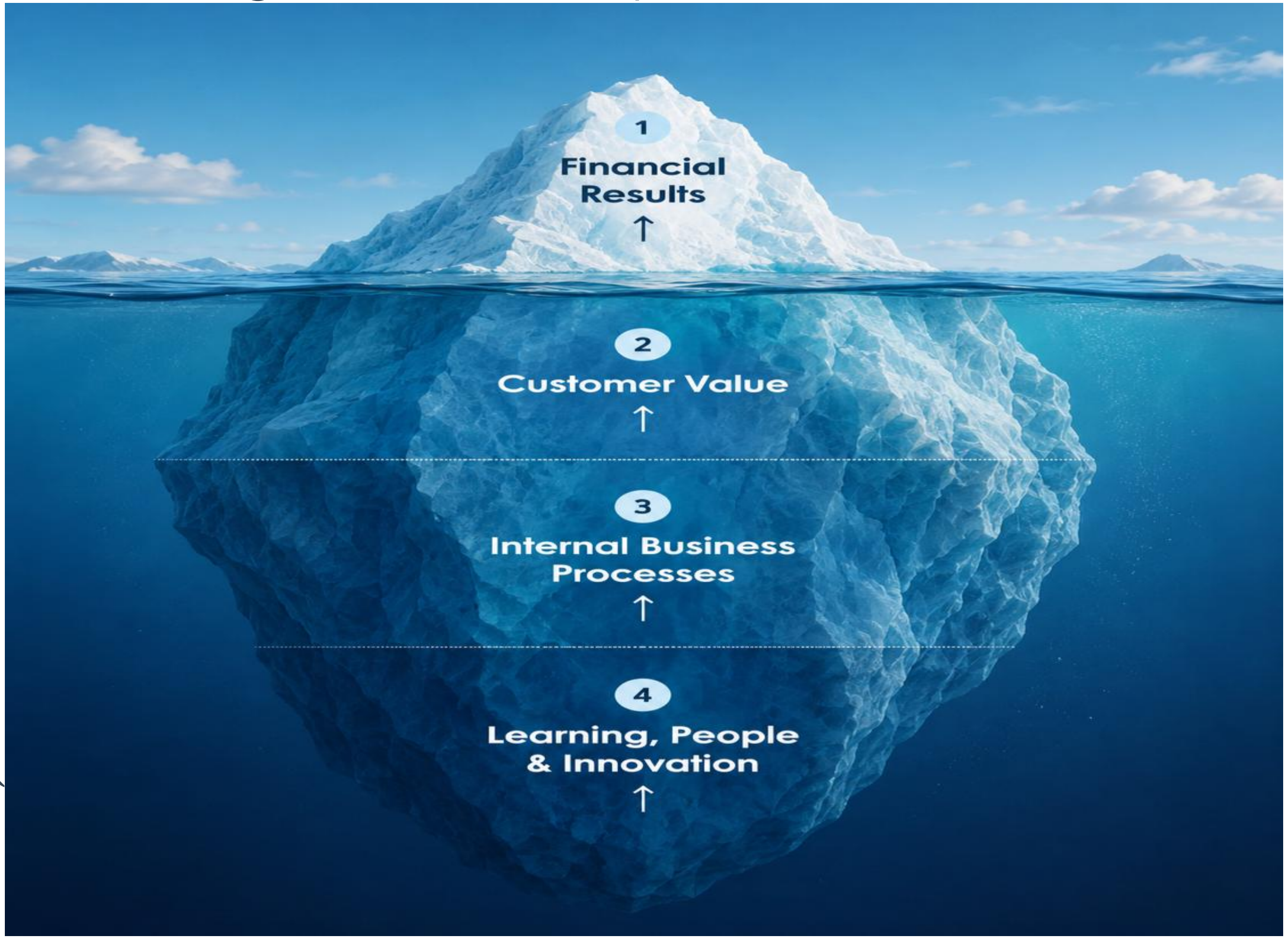
Every strategy ultimately depends upon four organizational capabilities.

1 **Financial Results ↑**

2 **Customer Value ↑**

3 **Internal Business Processes ↑**

4 **Learning, People & Innovation ↑**



FIRST PERSPECTIVE

FINANCIAL PERSPECTIVE

The Ultimate Question

If our strategy succeeds, what financial outcomes should improve?

Typical Objectives

- Increase profitability
- Improve productivity
- Grow revenue
- Improve return on capital
- Reduce operating cost
- Increase economic value
- Improve cash flow

Financial performance is an **outcome,** not the starting point.

SECOND PERSPECTIVE

CUSTOMER PERSPECTIVE

The Strategic Question

What value must customers consistently experience if we are to achieve our financial objectives?

Satisfaction means

"The customer liked today's service."

Trust means

"The customer believes we will consistently create future value."

Trust predicts future revenue.

THIRD PERSPECTIVE

INTERNAL BUSINESS PROCESS PERSPECTIVE

Strategic Question

Which internal processes must we excel at to consistently create customer value?

Leadership Question

Which process, if dramatically improved, would create the greatest competitive advantage?

INSIGHT

Organizations do not scale because people work harder. Organizations scale because processes become smarter. The process perspective measures **organizational intelligence.**

FOURTH PERSPECTIVE

LEARNING, PEOPLE AND GROWTH

Strategic Question

What organizational capabilities must we develop to execute our future strategy?

Strategic Objectives:

- Leadership development
- Innovation
- Knowledge sharing
- Culture
- Learning agility
- Capability building
- Employee engagement
- Digital capability
- Succession
- Change readiness

THE CAUSE-AND-EFFECT LOGIC OF THE BALANCED SCORECARD

The greatest innovation of the Balanced Scorecard is not the four perspectives.
It is their **causal relationship.** Every perspective influences the next.

Learning & Growth ↓

Employees become more capable ↓

Internal Processes Improve ↓

Customers Receive Greater Value ↓

Financial Performance Improves ↓

THE STRATEGY MAP

A Balanced Scorecard should never begin with KPIs. It begins with **strategic thinking.**

01 **Vision**

02 **Strategic Themes**

03 **Strategic Objectives**

04 **Strategy Map**

05 **KPIs**

06 **Targets**

07 **Strategic Initiatives**

08 **Performance Reviews**

09 **Business Results**

Notice that **KPIs appear halfway through the process.** Many organizations incorrectly begin with measurement instead of strategy.

HOW EACH PERSPECTIVE SHOULD BE MEASURED

Perspective	Primary Question	Examples of Measures
Financial	Are we creating sustainable value?	Profit margin, ROCE, cash flow, revenue growth, cost-to-income ratio
Customer	Are customers experiencing superior value?	Satisfaction, Net Promoter Score, retention, complaints, market share
Internal Processes	Are we executing our critical processes effectively?	Cycle time, quality, defect rate, safety, compliance, productivity
Learning & Growth	Are we building future capability?	Leadership readiness, engagement, succession coverage, innovation rate, skills index

THE FIVE STRATEGIC QUESTIONS EVERY EXECUTIVE TEAM SHOULD ASK EVERY QUARTER

01

Are our people becoming more capable than our competitors' people?

02

Which internal process is currently preventing our strategy from succeeding?

03

What customer behavior tells us that we are genuinely creating differentiated value rather than simply delivering a service?

04

Which leading indicators today will determine our financial performance six to twelve months from now?

05

If every department achieved its targets, would the organization achieve its strategy—or have we optimized departments without aligning them to strategic outcomes?

Thank you