

# Workforce Analytics

## Benchmarking the Analysis of Data To Gain Business Insight



### Benchmark Research White Paper



**V E N T A N A**  
R E S E A R C H

*Aligning Business and IT To Improve Performance*

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Ventana Research performed this research for a fee to determine attitudes toward and utilization of workforce analytics and metrics. This document is based on our research and analysis of information provided by organizations that we deemed qualified to participate in this benchmark research.

This research was designed to investigate the analytics and metrics practices and needs of individuals and organizations involved in managing workforces and the potential benefits from improving their existing processes, information and systems. This research is not intended for use outside of this context and does not imply that organizations are guaranteed success by relying on these results to improve planning. Moreover, gaining the most benefit from improving the use of workforce analytics and metrics requires an assessment of your organization's unique needs to identify gaps and priorities for improvement.

We certify that Ventana Research wrote and edited this report independently, that the analysis contained herein is a faithful representation of our evaluation based on our experience with and knowledge of analytics and workforces, and that the analysis and conclusions are entirely our own.

*Ventana Research*

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## Executive Summary

The assumption that an organization's most valuable asset is its workforce has been a driving force in the transformation of traditional human resources processes into talent management, the effort to ensure that everyone in the workforce contributes maximum value. To approach this objective, organizations must be able to manage the performance of those people, individually and in departments and lines of business. Yet many lack the ability to measure the performance of their workers and derive insights that help them improve. The majority of organizations struggle to collect information from silos of reports in various applications or rely on dashboards that provide only a partial view of the whole picture. When it comes to analysis, their workforce assessment capabilities are rudimentary compared to other areas of the organization. They often rely on desktop spreadsheets to manipulate data and create charts used in presentations to management; those manual efforts are proven to increase the risk of errors that can lead to poor decisions and questions about business integrity.

Although talent management applications and suites are available, they have not provided tools that can effectively generate analytics with which to build metrics and key performance indicators (KPIs); those in turn guide assessments of people and the workforce and can help improve processes including governance, risk and compliance (GRC). These measures can help inspire workers by supporting performance improvement at all stages of their careers, from recruitment and onboarding through compensation and incentives to succession management. Organizations that lack these capabilities prevent themselves from maximizing this critical asset.

Workforce analytics offer capabilities more helpful than reports from a human resources management system (HRMS) or the dashboard from a stand-alone talent management application. They can help maximize an organization's return on its labor investment and ensure that it retains talent as long as desired. Their use requires instituting a dedicated process and trained resources that are responsible for conducting activities to support management and oversight of the workforce. Adopting workforce analytics begins with an analysis of the current set of competencies among people, processes, information and technology, which typically reveals areas that need improvement, and is followed by development of a methodical, timely review process that tracks improvement regularly.

**Workforce analytics can help maximize an organization's return on its labor investment and ensure that it retains talent as long as desired.**

Ventana Research undertook this benchmark research to acquire real-world information about levels of maturity, trends and best practices in how organizations use workforce analytics. It explores how they do this now, how their personnel feel about the current processes and tools, plans they have to change or improve them, and benefits they hope to gain by doing so.

The research found organizations using a variety of workforce metrics created from analytics, revolving largely around issues of performance and finance. More than two-thirds of the participants with management titles said that workforce analytics are very important, and those from the largest organizations said so to an even greater degree. For 77 percent of executives and managers, the performance of the workforce is the most important metric, and performance reviews are the most regularly applied type of analytics in half of organizations. Compensation (cited by 60% of organizations) is the area in which analytics are regularly applied most often, and that is the third-most important metric for executives and managers. Systems that track compensation are the second-most important source for building workforce analytics, cited by 65 percent of organizations.

Other findings reinforce the dual focus on workforce performance and finance. For more than three-fourths of organizations the most important process metric is onboarding new hires and making them proficient. Company profitability (52%) tied for the most important financial metric, and comparability of compensation to regional or national averages also was highly ranked (47%). The two emphases come together in the third-most common area of workforce analytics, pay for performance (46%). This strategy impacts profitability and is becoming increasingly widespread; analytics can help link compensation to the value individuals contribute to the organization.

When it comes to using workforce analytics effectively, however, the research found a number of impediments. Analytics are not used comprehensively, and less so in moving down the organization chart: They are generally available to 52 percent of

**In 40 percent of organizations not all of the right people are involved in establishing performance indicators.**

corporate executives, 44 percent of managers and 32 percent of supervisors, but completely available for only 19 percent of company executives, 9 percent of managers and 6 percent of supervisors. KPIs are important to measure the performance of people, but less than one-third (32%) of organizations apply them to the right number of people; 31 percent do not use them on enough people, and 17 percent use KPIs hardly or not at all. Adding to the issue is a lack of timeliness: More than one-third of organizations need three weeks or longer to deliver metrics or KPIs derived from analytics to those who need them, and another 14 percent take two weeks.

Nor are most organizations comfortable with the way they handle workforce analytics. Almost half are not satisfied with the process they use to create them, and more than half (55%) said they can improve significantly their use of analytics and KPIs. Participation is particularly important for this area of analytics, but in 40 percent of organizations not all of the right people are involved in establishing performance indicators; they need managers (69%) and senior managers (65%) to be involved.

The issues extend to information and technology as well. To use workforce analytics requires integrating data on which metrics are based, and this data resides in multiple types of systems from which it must be extracted. The research found that human resources management, compensation, spreadsheet, payroll and talent management systems are important sources for workforce analytics in half of

organizations, and others such as benefit systems and ERP are important in 25 percent of organizations. We see integration as a major contributor to the two most common reasons that organizations are dissatisfied with their current process for creating metrics: Information is not readily actionable (in 56% of organizations), and data is isolated (45%). As well, in substantially more than half of organizations, people spend most of their time with analytics in the basic jobs of preparing data for analysis (42%) or reviewing data for quality and consistency (20%).

As for technology, nearly two-thirds of organizations are less than satisfied with what they have, while only 9 percent are very satisfied. Not coincidentally, the research shows that spreadsheets are the technology most commonly used for workforce analytics in 62 percent of organizations. Although spreadsheets are useful for individual, ad-hoc analysis, they are poorly suited to enterprise-wide tasks in which repetitive analyses are shared by more than a few people. Used in the latter manner they are prone to errors and inconsistency among versions residing on various desktops. The research found that nearly half of organizations (48%) are less than confident in the quality of information that is generated by their analytics.

**Nearly half of organizations are less than confident in the quality of information that is generated by their analytics.**

Dedicated applications are available that can handle data integration and consistency, and others have advanced functionality to build metrics and KPIs, which 56 percent of participants with analyst titles said is very important, to enable predictive analytics to project future outcomes (very important to 45% of analysts) and the like. Organizations overall seek a range of more general capabilities, such as searching for specific answers (important to 62%) and collaborating in the review of analytics (56%). However, only 38 percent of organizations plan to change the way they generate and apply analytics in the next 12 to 18 months; 35 percent said changes are needed but are not a priority now. We caution that it will be difficult if not impossible to acquire desired capabilities or overcome shortcomings in current analytics without investing in systems that are designed to deal with them.

The two barriers that most often impede change are lack of resources and of budget. The third-most often cited barrier on the technology side, organizations said, was that there is no suitable software (41%). We assert that this is more perception than fact and indicates a need for people within these organizations to research the market and determine what is possible. Applying our Ventana Research Maturity Index to the research, we concluded that as regards workforce analytics, only one in eight organizations (12%) reaches the highest of the four maturity levels, Innovative; nearly 60 percent of organizations rank at the two lowest levels. To advance in their use of these critical tools for measuring and improving performance, the large majority will have to address issues in each of the four categories by which we assess maturity: People, Process, Information and Technology. Only by overcoming current impediments will they be able to derive full value from their talent and reach goals of profitability.

## About This Benchmark Research

### **Methodology**

Ventana Research conducted this benchmark research over the Web from April through July 2010. We solicited survey participation via e-mail blasts, our Web site and social media invitations. E-mail invitations were also sent by our media partners and by vendor sponsors.

We presented this explanation of the topic prior to entry into the survey:

There isn't an aspect of business today in which people don't claim they use analytics to generate information, typically in the form of metrics and key indicators. But there is much confusion about their usefulness and value to the business and about how best to select and implement historical, root-cause, real-time and predictive analytics. The uncertainty this causes poses a challenge for organizations.

Management and managers need advice on how to select the measures most useful for them and guidance about best practices and common mistakes in choosing business and operational measures, metrics and key indicators. They also need more reliable information than is currently available about integrating historical and predictive analytics into systems and processes so they can make better use of existing investments and plan new ones that provide deeper insight from multiple systems using more sophisticated analytical methods. This benchmark research is designed to generate that advice and guidance by examining the use of metrics across the entire business. It also will determine the maturity distribution of organizations in their use of analytics.

We included the following definitions:

Analytics – Programs or algorithms that derive meaning from data

Metric – A measure of business performance

Performance indicator – A specific metric chosen to measure the performance of an organization or some component of it.

The following promotion incited participants to complete the survey:

All qualified participants will receive a report on our research findings that you can apply to your organization's efforts and a quarterly membership to the Ventana Research Community valued at US\$125 or €92. In addition, all qualified participants will be entered into a drawing to win a benchmark research report of your choice valued at US\$995 or €732. Thank you for your participation!

### **Qualification**

We designed the research to assess the use of and plans for deployment of workforce analytics across organizations and industries. We described qualification to participate as follows:

The survey for this benchmark research is designed for business and IT managers who develop, deploy or use analytics or are involved with the purchasing of analytics technology. Others such as consultants and

systems integrators may participate in the survey but are not eligible for incentives and will be used in the analysis only if they meet the qualifications. Incentives are provided to qualified participants in the research and also are conditional on provision of accurate contact information including company name and company e-mail address that can be used for fulfillment of incentives.

Further qualification evaluation of participants was conducted as part of the research methodology and quality assurance processes. It entailed screening out responses from companies that are too small, questionnaires that were not materially complete, or those where the submission is from an inappropriate submitter or appears to be spurious.

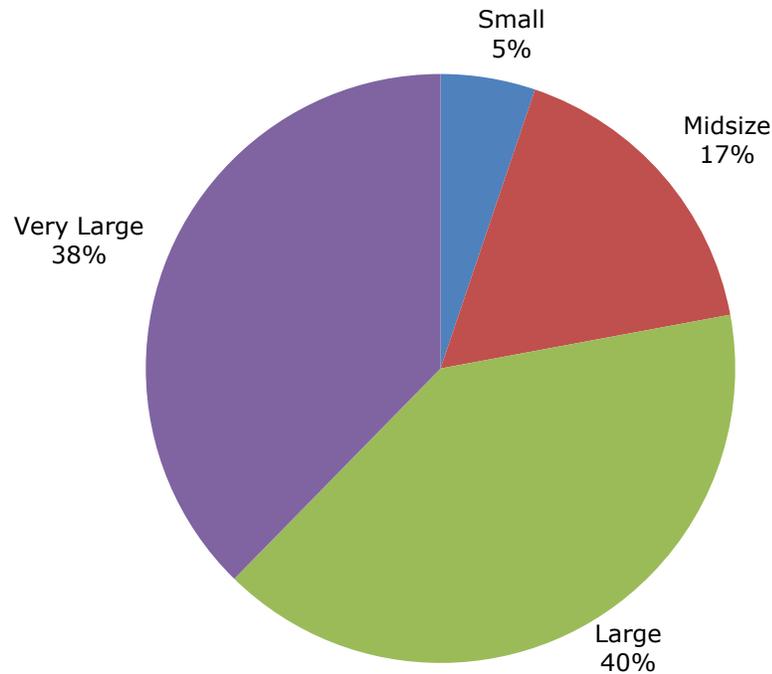
### ***Demographics***

We designed the survey used for this research to be answered by executives and managers across a broad range of roles and titles working in organizations. We deemed 154 of those who clicked through to this survey to be qualified to have their answers analyzed in this research. In this report, the term “participants” refers to that group, and the charts in this section characterize various aspects of their demographics and qualifications.

## Company Size by Number of Employees

We require participants to indicate the size of their entire company. Our research repeatedly shows that size of organization is a useful means of segmenting companies because it correlates with the complexity of processes, communications and organizational structure as well as the complexity of the IT infrastructure. In this research, when measured by number of employees more than three-fourths of participants are larger organizations: More than one-third are very large companies (having 10,000 or more employees), 40 percent are large companies (with 1,000 to 9,999 employees), less than one-fifth are midsize companies (with 100 to 999 employees), and one in 20 are small companies (with fewer than 100 employees). This distribution skews a bit more to larger companies than prior benchmark research but is consistent with our research objectives and provides a suitably large sample from each size category.

**Figure 1**  
**Participants by Company Size (Number of Employees)**

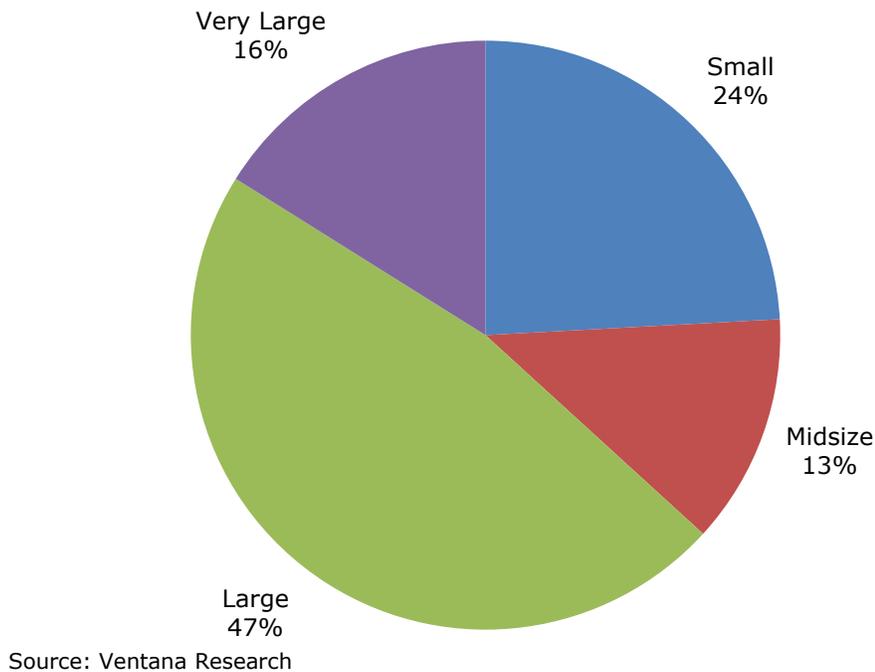


Source: Ventana Research

### Company Size by Annual Revenue

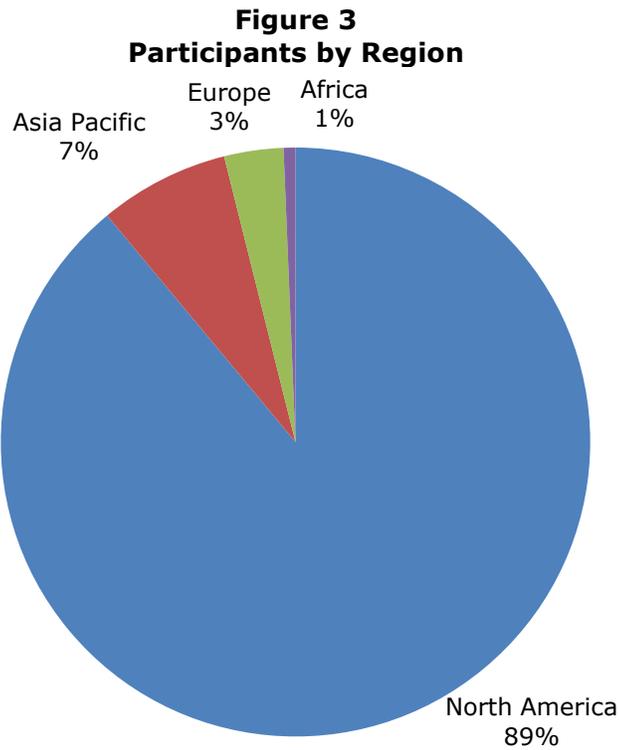
When we measured size by annual revenue, the distribution of categories shifted downward; many fewer companies were defined as very large and many more as small. By this measure, 16 percent are very large companies (having revenue of more than US\$10 billion), almost half are large companies (having revenue from US\$500 million to US\$10 billion), 13 percent are midsize companies (having revenue from US\$100 to US\$500 million), and nearly one-fourth are small companies (with revenue of less than US\$100 million).

**Figure 2**  
**Participants by Company Size (Annual Revenue)**



### Geographic Distribution

Participating companies are located or headquartered predominantly in North America. Those based in Asia Pacific accounted for the second largest area at 7 percent, in Europe for 3 percent and in Africa for 1 percent. This result was in keeping with our expectations at the start of this investigation, since organizations participating in our research most often are headquartered in North America. However, many of these are global organizations operating worldwide.

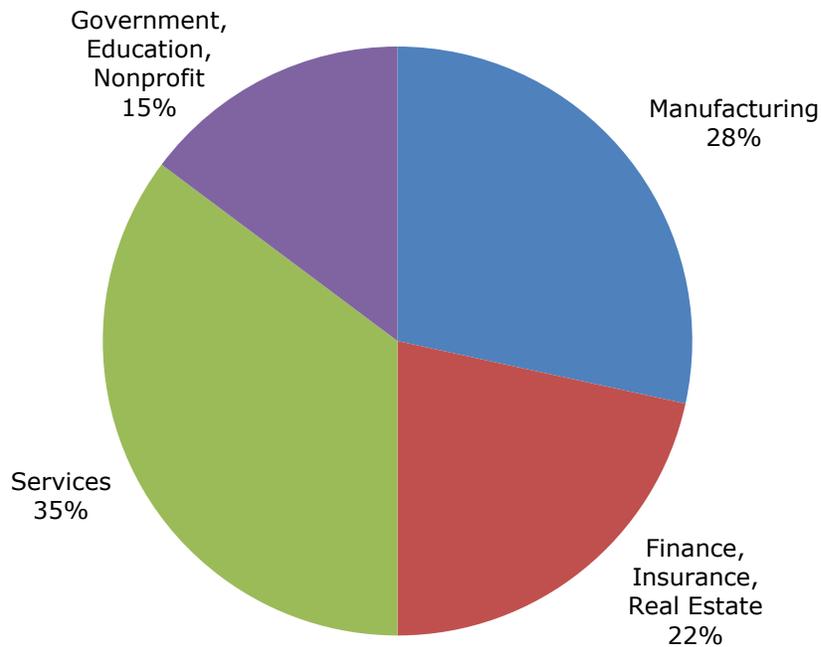


Source: Ventana Research

## Industry

We grouped the companies in this benchmark research into four general categories, as shown below. More than one-third of the companies are primarily service providers; the second-largest representation was from the manufacturing sector (28%). Not quite one-fourth of companies are in finance, insurance and real estate (FIRE). Government, education and nonprofit accounted for the remaining 15 percent.

**Figure 4**  
**Participants by Type of Industry**

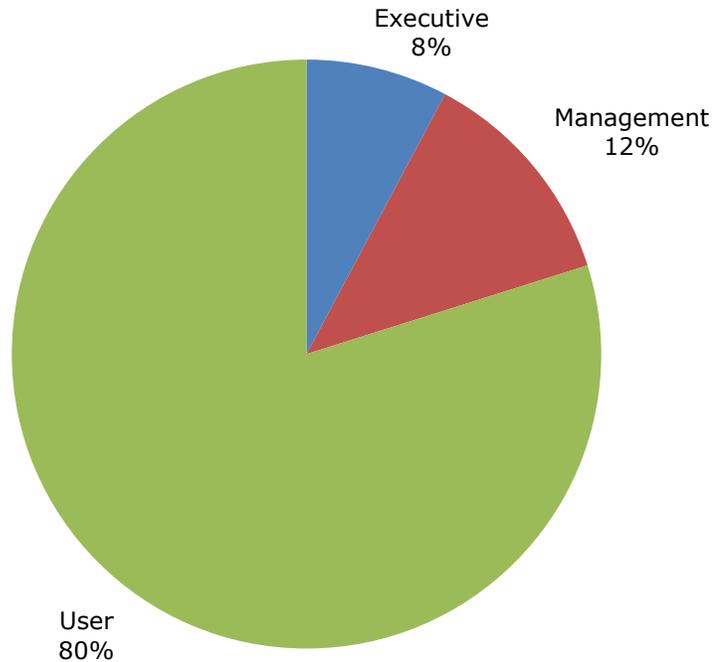


Source: Ventana Research

## Job Title

We asked participants to choose from among 15 titles the one that best describes theirs. We sorted these responses into three categories: executives, management and users. Four out of five identified themselves as having titles that we categorize as users, a grouping that includes senior manager or manager (39%), director (18%), analyst (8%) and staff (4%). Those with vice president titles constitute the management category, which amounts to 12 percent of the total, and 8 percent are executives.

**Figure 5**  
**Participants by Job Category**



Source: Ventana Research

This is how we aggregated the 15 title response options:

### **Executive**

CEO, President  
COO or Head of Operations  
CIO or Head of Information Technology  
CFO or Head of Finance  
Other CxO

### **Management**

EVP or SVP  
VP

### **User**

Head of HR  
Senior Director  
Senior Manager or HR Manager  
Analyst (Business, Financial, etc.)

HR Specialist, Generalist or Project Manager  
Staff

**Other**

Consultant  
Other Title

We concluded after analysis that this response set provided a meaningfully broad distribution of job titles.

## Key Insights

Our benchmark research yielded the following important general findings and key insights regarding the use of workforce analytics. (We discuss maturity levels in the Maturity Index portion of the full research report; the actual questions asked in our survey are in the Appendix to the research report.)

### **Organizations are maturing slowly in their use of workforce analytics.**

This benchmark research found that organizations are slowly advancing in their ability to apply analytics to the workforce and in the human resources arena. However, there remains substantial room for improvement, as our Maturity Index analysis places only 12 percent of organizations at the highest Innovative level of maturity. The research shows that overall they tend to rely on traditional cost- and budget-related metrics and use spreadsheets heavily (they are used universally or regularly in 96% of organizations). In addition, more than three-fifths of organizations (62%) must cope with significant process barriers, and more than two-thirds of organizations (69%) face technology barriers to the efficient and effective use of workforce analytics. Our Maturity Index research also found that manufacturing organizations are slightly more mature than other industries. Organizations are most mature in the People and Technology categories and somewhat less so in the Information and Process aspects. We conclude that organizations need to address the full range of their competencies to ensure that workforce analytics can be made available on a timely basis to help improve business performance and results.

### **Metrics and key indicators are important for the workforce and talent management.**

Organizations participating in this research indicated a variety of workforce metrics that are important for them. From a financial perspective, adherence to budget and profitability are the top metrics in more than half of organizations, followed closely by return on investment. In process terms, more than three-fourths said onboarding new hires and making them proficient is most important, and time-to-hire is most important in more than two-thirds of organizations. For 77 percent of executives and managers, the performance of the workforce is the most important metric. All these aspects of talent management require analytics that can measure performance. Understandably, then, the most important categories of metrics are workforce (cited by 73% of organizations) and performance (58%); financial, cost and business process metrics also are important to about half of organizations. Key indicators derived from analytics are important to measure the performance of people, but here we found indications of dissatisfaction: Less than one-third (32%) of organizations apply them to the right number of people; 31 percent said KPIs are not used on enough people, and 17 percent said they are used hardly or not at all.

### **Analytics are used most often to determine compensation and performance.**

More than two-thirds of the participants with management titles said that workforce analytics are very important, and those from the largest organizations said so to an even greater degree. Analytics are most regularly applied in the areas of compensation (in 60% of organizations) and performance reviews (50%); these

combine in the third-most important purpose, pay for performance (46%). Compensation was also the third-most important metric for executives and managers, and systems that track compensation were the second-most important source for building workforce analytics, cited by 65 percent of organizations. The strategy of pay for performance is being adopted by more and more organizations, and analytics are the foundation for determining how to link compensation to the value individuals contribute to the organization.

### **Analytics aren't always available to those who need them.**

For workforce analytics to benefit an organization, they must be available to the people in a variety of roles and responsibilities who need them. The research found that in general the higher the level in the organization, the more available analytics actually are. They are generally available to 52 percent of corporate executives but only 44 percent of managers and 32 percent of supervisors. Analytics are completely available for far fewer people, though: only 19 percent of company executives, 9 percent of managers and 6 percent of supervisors. In addition it takes many organizations significant amounts of time after the end of the month or quarter to deliver metrics or KPIs derived from analytics to those who need them; more than one-third of organizations need three weeks or longer, and another 14 percent take two weeks. This delay is significant considering that today's technology can compute metrics from analytics in seconds.

### **Substantial dissatisfaction exists with aspects of workforce analytics.**

This benchmark research found that almost half of organizations are not satisfied with their current process to create workforce analytics, and this view is even more prevalent among management (65%), very large organizations (62%) and the industry sector Finance, Insurance and Real Estate (FIRE, 63%). The problem is not just a matter of process. Getting the right people involved is important, and 40 percent of organizations indicate that not all of them are involved; most of those said managers (69%) and senior managers (65%) also need to be involved. However, executives appear to be more satisfied in this regard, as 89 percent said that all the right people are involved in the process, as did 80 percent of manufacturing organizations. Regarding current technology, nearly two-thirds are not satisfied with it while only 9 percent are very satisfied. Cross-reference analysis showed that satisfaction declines as the size of organization increases and that FIRE (53%) is the most dissatisfied with the technology.

### **Improvement of workforce analytics is needed, but not all will act on it.**

Related to the dissatisfaction with current analytics is the finding that a majority of organizations (55%) said they can improve significantly their use of analytics and performance indicators; only 6 percent said they could improve not much or not at all. A slightly larger portion of executives (60%) said their organization could improve significantly, as did the same three-fifths of very large organizations (as measured by number of employees) and 78 percent in the FIRE industries. Government entities (38%) least often said they can improve significantly.

Despite their dissatisfaction, though, relatively few organizations are ready to go ahead with efforts to improve. Only 38 percent plan to change the way they generate and apply analytics in the next 12 to 18 months; nearly as many (35%) said that

changes are needed but are not a priority now. The research also found that when the majority of organizations fund improvement for workforce analytics, they will do so from business budgets. But to take the steps to improve will require resources and budget, which the research shows are the two barriers that most often impede improvement.

### **Workforce analytics are in demand in the cloud as well as on-premises.**

The research found that half of organizations (49%) still prefer to deploy workforce analytics through the traditional means of installing it on their own premises. However, the alternatives of renting software on demand (cited by 22%) and hosted by a third-party supplier (12%) are gaining popularity. These can be viable options for organizations looking to avoid the effort and expense of having in-house technology resources manage their analytics locally. We also note that with the technology readily available, automating the process of integrating data and applying analytics should make workforce analytics available in a timeframe appropriate to the organization's needs.

### **Integrating data is essential to develop workforce analytics.**

Organizations seeking to use workforce analytics typically discover that they must draw the necessary data from multiple applications and systems. The research found that human resources management, compensation, spreadsheet, payroll and talent management systems are important sources for workforce analytics in half of organizations, and others such as benefit systems and ERP are important in 25 percent of organizations. The kinds of data used range from that stored in data warehouses and transactional systems (in more than half of organizations) to reports (32%) and unstructured and mainframe data (in about one-fourth of organizations).

Overall the research found that the larger the organization, the more important the data warehouse is. The challenges of integrating data impact the use of analytics; information not being readily actionable was the top reason for dissatisfaction with the current process (in 56% of organizations), followed by data being isolated (45%). But the largest challenge in the process is preparing data for analysis and then reviewing it for quality and consistency, which should be considered part of the data integration process.

### **Spreadsheets impede workforce analytics.**

The use of spreadsheets as a tool for analysis is a well-established business practice. Unfortunately it is an ineffective one for repetitive analyses shared by more than a few people. For workforce analytics, spreadsheets are the most common technology, in use in almost two-thirds of organizations (62%), with business intelligence a distant second (43%). Spreadsheets are used universally in one-third of organizations and regularly in another 62 percent. We conclude that their prevalence is a major reason for various dissatisfactions, such as with current technology (33% of all organizations), information not being readily actionable (56% of those dissatisfied), systems being hard to build and maintain (55%) and inadequate technology (45%). As well, about half of organizations expressed a lack of confidence in the quality of information generated by their analytics.

It is clear that spreadsheets contain important data for workforce analytics, being identified as the third-most important data source for analytics in more than half of organizations. Microsoft is the dominant vendor in almost half of organizations and its Microsoft Office (including the Excel spreadsheet) is the product most used. While spreadsheets can perform many data-oriented tasks, they do not provide some of the dedicated functionality that can improve workforce analytics, including developing organizational metrics from goals and pay-for-performance metrics and measuring the impact of incentives. However, 41 percent of organizations said there is no suitable software to replace spreadsheets, which indicates a need for education about the market.

### **Analytics tools are not usable by everyone.**

For workforce analytics to become available to users of all levels, not only must the organization provide them but the tools must be usable by those at every level of technical competence. The research yielded some valuable perspectives on usage and usability: The largest number (56%) rated usability a very important technology and vendor consideration; functional capabilities were a close third (49%). Users need to be able to create a range of business-related metrics; more than 70 percent said it is important or very important to develop organizational metrics from business goals (88%), workforce benchmark metrics (80%), pay-for-performance metrics and the impact of incentives (73%), or pay- and job-level metrics (78%).

Making these tasks easy to do and fully functional thus are important qualities in any analytics tool. Among those who are analysts, more sophisticated capabilities are in demand; more than half said it is very important to be able to design measures and metrics, and 45 percent each said applying predictive analytics to project future outcomes and taking action based on the outcome of analytics are very important. To ensure comprehensive adoption, tools will have to have these as well. For general consumption of analytics it is important or very important for 75 percent of organizations to be able to explore data underlying analytics, and to do that with charts, maps and tables for 69 percent; publishing analytics and metrics is important or very important for 68 percent. Searching for specific answers is important in 62 percent of organizations, as is collaborating in the review of analytics for 56 percent. Also noteworthy is that 42 percent of users spend most of their time in the basic job of preparing data for analysis, and 20 percent spend most of the time reviewing data for quality and consistency.

### **Executives need to clarify their leadership in workforce analytics.**

More than two-thirds of executives at the corporate level and across the enterprise have complete or general access to organizational analytics – significantly more than managers (53%), supervisors (38%) or individuals (22%). The research shows that most executives (89%) use Microsoft Office for analytics and drive their own requirements rather than working with others. In somewhat contradictory findings, they are the group most satisfied with their technology but also the one that most often said the organization can improve its use of analytics significantly. Executives also prefer on-premises deployment far more than the average (80% vs. 49%). Since budget is the second-largest barrier to making needed changes in analytics, executives can help clear the way for improvement initiatives. We advise them to recognize that systems for HR and workforce analytics typically are not a priority for the CIO and IT. While executives get most of what they need in this regard, their

leadership will be necessary to provide workforce analytics fully to the rest of the organization.

### **Manufacturing is advancing in analytics and Financial Services trails.**

As well as generally, we analyzed the research data in industry sectors. Overall, Manufacturing has advanced significantly further in the use of workforce analytics than the others. For it, company profitability is the most important financial metric. In this sector the most organizations (80%) said that all the right people are involved with workforce analytics, and it has the most (36%) that use KPIs to measure the right number of people in the company. This industry also makes metrics available soonest after the end of the month or quarter: More than one-third (36%) of people get them within one week. It also uses the advanced technology of a data warehouse more than other industries for storing metrics and applying analytics. Manufacturing is also the most progressive in terms of deployment methods, as 40 percent prefer on-demand delivery compared to the average of 22 percent.

Conversely Finance, Insurance and Real Estate has the lowest number of organizations (42%) that have all the right people involved in the process. FIRE has the highest number of those not satisfied with their current technology (53%) and uses Microsoft Office for analytics more than any other industry. FIRE has the fewest companies (5%) very confident in the quality of information generated by analytics and the most that said the data within metrics is somewhat inaccurate (32%). Likewise, the fewest FIRE companies (6%) said it is easy to collect data for metrics and key indicators. The most of any industry (78%) said they can significantly improve their use of analytics. While most manufacturing companies formally review metrics monthly, 63 percent of FIRE organizations review on a quarterly basis. This industry definitely needs improvement to determine how to use its workforce effectively.

## What To Do Next

This benchmark research found that workforce analytics and metrics are important to organizations. They reported that the most important categories of metrics are workforce (cited by 73% of organizations) and performance (58%); financial, cost and business process metrics also are important to about half of organizations. All these aspects of talent management require analytics that can measure performance. In the workforce arena, analytics are most regularly applied in the areas of compensation, performance reviews and pay for performance. The strategy of pay for performance is being adopted by more and more organizations, and analytics are the foundation for determining how to link compensation to the value individuals contribute to the organization.

A majority of organizations (55%) said they can improve significantly their use of analytics and performance indicators; only 6 percent said they could improve not much or not at all. Yet relatively few organizations are ready to go ahead with efforts to improve. Only 38 percent plan to change the way they generate and apply analytics in the next 12 to 18 months; nearly as many (35%) said that changes are needed but are not a priority now. To take the steps to improve will require resources and budget, which the research shows are the two barriers that most often impede improvement. For companies wishing to improve their current analytics to improve the performance of the workforce, we offer the following recommendations.

### **Assess the maturity of your organization's use of workforce analytics.**

Our Maturity Index analysis determined that organizations are advancing only slowly in their ability to apply analytics to the workforce and in the human resources arena. There remains substantial room for improvement: Only 12 percent of organizations rank at the highest Innovative level of maturity. The research shows that companies overall tend to rely on traditional cost- and budget-related metrics and use spreadsheets heavily; both are problematic. In addition, more than three-fifths of organizations must cope with significant process barriers, and more than two-thirds of organizations face technology barriers to the efficient and effective use of workforce analytics. We advise organizations to use our Maturity Index framework to evaluate your own level of maturity in the use of workforce analytics, identify your needs and competencies and determine what you must do to make workforce analytics available to help improve your business performance and results.

### **Make analytics promptly available to all who need them.**

For workforce analytics to benefit an organization, they must be available to the people in a variety of roles and responsibilities who need them. The research found that in general the higher the individual's level in the organization, the more available analytics actually are. They are generally available to 52 percent of corporate executives but only 44 percent of managers and 32 percent of supervisors. Analytics are completely available for far fewer people, though: only 19 percent of company executives, 9 percent of managers and 6 percent of supervisors. Survey your people to learn how widely available analytics are at all levels and to determine where the organization could benefit from increasing it.

In addition it takes many organizations significant amounts of time after the end of the month or quarter to deliver metrics or key performance indicators (KPIs) derived

from analytics to those who need them; more than one-third of organizations need three weeks or longer, and another 14 percent take two weeks. This delay is too great. It also is not inevitable – today's technology can compute metrics from analytics in seconds. We recommend investigating tools and systems that enable you to deliver metrics and KPIs promptly so people can act on the information they contain.

### **Identify dissatisfaction with aspects of workforce analytics.**

The research found that almost half of organizations are not satisfied with their current process to create workforce analytics, and this view is even more prevalent among management (65%). There are people problems as well as process ones. Getting the right people involved is important, and 40 percent of organizations indicate that not all of them are involved; most of those said managers (69%) and senior managers (65%) also need to be involved. Key indicators derived from analytics are important to measure the performance of people, but yours may not be satisfying your needs: Less than one-third (32%) of organizations apply them to the right number of people; 31 percent said KPIs are not used on enough people, and 17 percent said they are used hardly or not at all. Regarding current technology, nearly two-thirds are not satisfied with it while only 9 percent are very satisfied. Addressing inadequacies in analytics capability requires first identifying those inadequacies. We advise developing a program to evaluate needs and then develop a plan to satisfy them.

### **Involve executives in leadership roles.**

More than two-thirds of executives at the corporate level and across the enterprise have complete or general access to organizational analytics – significantly more than managers (53%), supervisors (38%) or individuals (22%). The research shows that most executives (89%) use Microsoft Office for analytics and drive their own requirements rather than working with others. In somewhat contradictory findings, they are the group most satisfied with their technology but also the one that most often said the organization can improve its use of analytics significantly. While executives get most of what they need in this regard, their leadership will be needed to ensure that workforce analytics are fully available to the rest of the organization, particularly since budget is the second-largest barrier to making changes. Thus it is important to enlist key executives to act as sponsors of an initiative and its champions.

### **Consider accessing workforce analytics in the cloud.**

The research found that half of organizations (49%) still prefer to deploy workforce analytics through the traditional means of installing it on their own premises. Executives (80%) prefer on-premises deployment far more than the average. However, the alternatives of renting software on demand (cited by 22%) and hosted by a third-party supplier (12%) are gaining popularity. These can be viable options for organizations looking to avoid the effort and expense of managing their analytics technology in-house while still having it readily available. When that is the case, automating the process of integrating data and preparing to use workforce analytics can occur more quickly. Explore whether a new approach to accessing software could benefit you and get an effort moving sooner.

### **Be sure to address data integration as you adopt workforce analytics.**

Organizations seeking to use workforce analytics typically discover that they must draw the necessary data from multiple applications and systems. The research found that human resources management, compensation, spreadsheet, payroll and talent management systems are important sources for workforce analytics in half of organizations, and others such as benefit systems and ERP are important in 25 percent of organizations.

The challenges of integrating data impact the use of analytics; information not being readily actionable was the top reason for dissatisfaction with the current process (in 56% of organizations), followed by data being isolated (45%). But the largest challenge in the process is preparing data for analysis and then reviewing it for quality and consistency, which should be considered part of the data integration process. Do not neglect issues involving your data's sources and accuracy; question analytics software vendors about what they can do to make integration part of your solution.

### **Replace spreadsheets for workforce analytics.**

Although common as a tool for analysis, spreadsheets are problematic for repetitive analyses shared by more than a few people. Research has repeatedly shown that they are ineffective and cause problems with accuracy and verifiability. Yet this research shows that to prepare workforce analytics, spreadsheets are the most common technology, in use in almost two-thirds of organizations (62%), with business intelligence a distant second (43%). We conclude that their prevalence is a major reason for various dissatisfactions, such as with current technology (33% of all organizations), information not being readily actionable (56% of those dissatisfied), systems being hard to build and maintain (55%) and inadequate technology (45%). Not surprisingly, about half of organizations expressed a lack of confidence in the quality of information generated by their analytics. Tools that provide dedicated functionality can improve aspects of workforce analytics, including developing organizational metrics from goals and pay-for-performance metrics and measuring the impact of incentives. However, 41 percent of organizations said there is no suitable software to replace spreadsheets; if you think this is so or don't know what other software can provide that spreadsheets cannot, educate your organization about the market and evaluate how new tools can boost your productivity.

### **Select tools that everyone can use.**

For workforce analytics to become available to users of all levels, not only must the organization provide them but the tools must be usable by those at every level of technical competence. The largest number (56%) of organizations rated usability a very important technology and vendor consideration; functional capabilities were a close third (49%). Users need to be able to create a range of business-related metrics; more than 70 percent said it is important or very important to develop organizational metrics from business goals (88%), workforce benchmark metrics (80%), pay-for-performance metrics and the impact of incentives (73%), or pay- and job-level metrics (78%). To ensure comprehensive adoption, workforce analytics tools will have to provide capabilities for all ranges of expertise, from ordinary business users to analysts to executives. In considering suppliers, make sure that representatives of all these categories of analytics user examine the tools and find them easy to use but robust enough to serve all the tasks you will require of them.

**Assess the status of workforce analytics of the industry in which you compete.**

Be aware that the industry your company is in affects analytics utilization. Overall, Manufacturing has advanced significantly further in the use of workforce analytics than Services, Finance, Insurance and Real Estate (FIRE) and Government and Nonprofit. The most Manufacturing organizations (80%) said that all the right people are involved with workforce analytics, and this sector has the most (36%) that use KPIs to measure the right number of people in the company. This industry also makes metrics available soonest after the end of the month or quarter: More than one-third (36%) of people get them within one week. And it is also the most progressive in terms of deployment methods, as 40 percent prefer on-demand delivery compared to the average of 22 percent.

Conversely Finance, Insurance and Real Estate has the lowest number of organizations (42%) that have all the right people involved in the process. FIRE has the highest number of those not satisfied with their current technology (53%), the fewest (5%) very confident in the quality of information generated by analytics and the most that said the data within metrics is somewhat inaccurate (32%). Likewise, the most FIRE companies (78%) said they can significantly improve their use of analytics. The other two sectors fell between these extremes.

We advise surveying the use of workforce analytics by competitors in your industry sector. Learning whether you need merely to keep up or can gain an edge by adoption may help you determine the extent and pace of your initiatives.

## How Ventana Research Can Help

Ventana Research helps organizations develop, execute and sustain business and technology programs that align people, processes, information and technologies essential for success. As an objective and trusted advisor, we are your insurance that your business and IT initiatives deliver both immediate and long-term improvements to your business.

We offer a variety of customizable services to meet your specific needs including workshops, assessments and advisory services. Our [education](#) service, led by analysts with more than 20 years of experience, provides a great starting point to learn about important business and technology topics from compliance to business intelligence to building a strategy and driving adoption of best practices. We also offer tailored [assessment services](#) to help you connect the business and technology phases of your project by leveraging our research foundation and methodologies. And we can provide Ventana On-Demand access to our analysts on an as-needed basis to help you keep up with market trends, technologies and best practices.

Everything at Ventana Research begins with our focused [research](#), of which this examination of Workforce Analytics is a part. We work with thousands of organizations worldwide, conducting research and analyzing market trends, best practices and technologies to help our clients improve the efficiency and effectiveness of their organizations.

Through the Ventana Research [community](#) we also provide opportunities for professionals to share challenges, best practices and methodologies. Sign up for Individual membership at [www.ventanaresearch.com](http://www.ventanaresearch.com) to gain access to our weekly insights and learn about upcoming educational and collaboration events – webinars, conferences and opportunities for social collaboration on the Internet. We offer the following membership levels:

**Individual membership:** For business and IT professionals\* interested in full access to our Web site and analyst team for themselves. The membership includes access to our library of hundreds of white papers and research notes, briefings and telephone/e-mail consulting sessions to provide input and feedback.

**Team membership:** For business and IT professionals\* interested in full access to our Web site and analysts for a five-member team. The membership includes access to our library of hundreds of white papers and research notes, briefings, telephone/e-mail consulting sessions to provide input and feedback and the use of Ventana Research materials for business purposes.

**Business membership:** For business and IT professionals\* interested in full access to our Web site and analyst team for their larger team or small business unit. The membership includes access to our library of hundreds of white papers and research notes, briefings, telephone/e-mail consulting sessions to provide input and feedback, use of Ventana Research materials for business purposes and additional analyst availability.

**Business Plus membership:** For business and IT professionals\* interested in full access to our Web site and analyst team for larger numbers of company employees.

The membership includes access to our library of hundreds of white papers and research notes, briefings, telephone/e-mail consulting sessions to provide input and feedback, quotes and validation for media, use of Ventana Research materials for business purposes, additional analyst availability and access to our team for scheduled strategy consulting sessions.

To learn more about Ventana Research services – including workshops, assessments and advice – please contact [clientservices@ventanaresearch.com](mailto:clientservices@ventanaresearch.com).

*\* [Additional services](#) are available for solution providers, software vendors, consultants and systems integrators.*

## About Ventana Research

Ventana Research is the most authoritative and respected benchmark business technology research and advisory services firm. We provide insight and expert guidance on mainstream and disruptive technologies through a unique set of research-based offerings including benchmark research and technology evaluation assessments, education workshops and our research and advisory services, Ventana OnDemand. Our unparalleled understanding of the role of technology in optimizing business processes and performance and our best practices guidance are rooted in our rigorous research-based benchmarking of people, processes, information and technology across business and IT functions in every industry. This benchmark research plus our market coverage and in-depth knowledge of hundreds of technology providers means we can deliver education and expertise to our clients to increase the value they derive from technology investments while reducing time, cost and risk.

Ventana Research provides the most comprehensive analyst and research coverage in the industry; business and IT professionals worldwide are members of our community and benefit from Ventana Research's insights, as do highly regarded media and association partners around the globe. Our views and analyses are distributed daily through blogs and social media channels including [Twitter](#), [Facebook](#), [LinkedIn](#) and [Business Week's Business Exchange](#).

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