Analytics into Action

Workforce Planning for Talent Success

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A Harte-Hanks Company

Executive Summary

The current economic climate demands that organizations strike the right balance between short-term business agility and long-term workforce planning. The objective is to achieve greater alignment between the talent strategy and the business strategy, both now and tomorrow. This research highlights how organizations can achieve workforce flexibility today without compromising their future. The findings are based on data collected from over 250 organizations, 177 of which were actively using human capital management analytics in January and February 2012.

Best-in-Class Performance

Aberdeen used the following three key performance criteria to distinguish Best-in-Class companies:

- 87% of organizational Key Performance Indicators (KPIs) achieved in the past year

- 52% of employees received an "exceeds expectations" or better rating in their most recent performance review

- 73% of key roles have at least one ready and willing successor identified 25% less customer wait-time at the point of sale

Competitive Maturity Assessment

Survey results show that the firms enjoying Best-in-Class performance shared several common characteristics, including:

- Visibility into talent data for business leaders

- The ability to understand the gap between available talent and the business need

- The integration of internal and external talent data

Required Actions

In addition to the specific recommendations in Chapter Three of this report, to achieve Best-in-Class performance, companies must:

- Create a single view of all relevant workforce and talent data

- Integrate human capital management data with business performance data

- Ensure that line-of-business managers have access to HCM data - and know how to use it - in order to achieve short-term agility and long-term strategic planning

How Does Your Performance Compare to the Best-in-Class?

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Chapter One:
Benchmarking the Best-in-Class

Business Context

The Aberdeen Groups January 2012 *Human Capital Management Trends 2012: Managing Talent to Lead Organizational Growth* report found that the top strategy among Best-in-Class organizations was to achieve greater alignment between the business and talent. Building on this foundation, this new research found that organizations achieving the highest levels of employee engagement, bench strength and hiring manager satisfaction (see sidebar) got there by ensuring alignment between their talent strategy and business priorities. Enabling these high levels of success were tools and technologies that provided business leaders with visibility into their talent. With the emphasis today on achieving higher levels of performance while managing costs and improving efficiency, talent analytics is top of mind for many organizations. The amount of data available to organizations continues to grow at a rapid pace, but how are the best organizations integrating and sharing this data with the business in order to improve organizational performance? Aberdeen's latest research looked at over 250 organizations, 177 of which were actively using human capital management analytics to gain insights into the workforce and drive planning initiatives.

Agility and Alignment

Organizations today are continually struggling to balance two key priorities: being agile enough to rapidly respond to a frequently changing business environment, while ensuring that individual objectives and goals roll up to achieve the organizations strategy. These two themes are at the heart of the pressures driving organizations to better manage HCM data (Figure 1).

Figure 1: Pressures Driving HCM Data Management
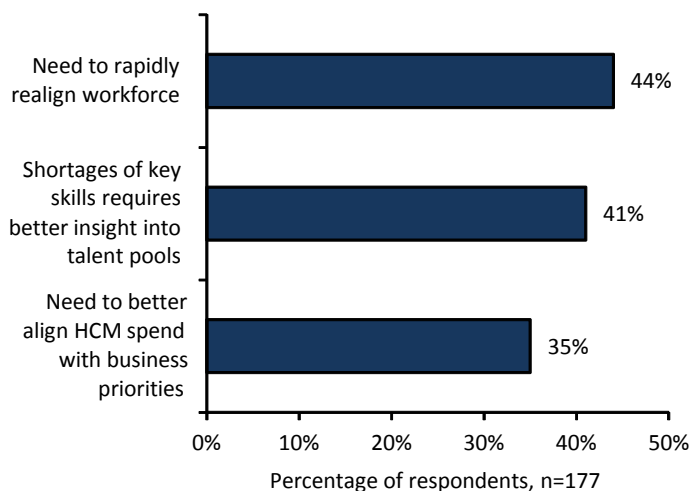
Source: Aberdeen Group, February 2012

Fast Facts

√ 46% of Best-in-Class organizations have been using HCM analytics for at least five years

√ Only 35% of other survey respondents have the same level of experience

Defining the Best-in-Class

In its *Human Capital Management Trends 2012* study, Aberdeen used three key performance criteria to distinguish the Best-in-Class (top 20% of aggregate performers) from the Industry Average (middle 50%) and Laggard (bottom 30%) organizations, with mean performance among the Best-in-Class as follows:

√ 81% of employees rated themselves as "highly engaged" in their most recent engagement survey

√ 71% of key positions have a ready and willing successor identified

√ 13% year-over-year improvement in hiring manager satisfaction

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As a tight economy has driven organizations to continue to do more with less, increasing numbers of business leaders are concerned about not only bringing the right people into the organization, but better deploying the skills and capabilities of those they already have. Key skill shortages also continue to threaten organizational performance and companies know they need to do a better job of being ready for leadership shortages and building pipelines for key skills, both internally and externally. And of course, no business decision is without scrutiny. So, to continue to manage talent and labor spend - and ensure strong business returns - organizations need to make sure that talent initiatives link to business performance. Organizations must walk the knife edge that is ensuring performance today while also building readiness for the future.

The Maturity Class Framework

Aberdeen used three key performance criteria to distinguish the Best-in-Class from Industry Average and Laggard organizations when it comes to their ability to leverage and manage human capital management data:

- **Organizational goals achieved.** This metric is a measure of the organization's ability to execute upon its intended strategic goals and objectives.

- **Employee performance.** This metric looks at the individual's ability to execute upon their stated goals as agreed with management.

- **Bench strength.** This metric shows how well the organization is managing succession risk and preparing itself for future leadership changes, as well as indicating its success in retaining key management talent.

Combined, these measures give an indication of performance and preparedness, which allows for a greater understanding of how analytics and workforce planning is correlated to the positive results achieved by Best-in-Class organizations.

Table 1: Top Performers Earn Best-in-Class Status

Definition of Maturity Class	Mean Class Performance
Best-in-Class: Top 20% of aggregate performance scorers	▪ 87% of organizational KPIs achieved in the past year ▪ 52% of employees received an "exceeds expectations" or better rating in their most recent performance review ▪ 73% of key roles have at least one ready and willing successor identified

Definition of Maturity Class	Mean Class Performance
Industry Average: Middle 50% of aggregate performance scorers	▪ 75% of organizational KPIs achieved in the past year ▪ 42% of employees received an "exceeds expectations" or better rating in their most recent performance review ▪ 38% of key roles have at least one ready and willing successor identified
Laggard: Bottom 30% of aggregate performance scorers	▪ 65% of organizational KPIs achieved in the past year ▪ 29% of employees received an "exceeds expectations" or better rating in their most recent performance review ▪ 32% of key roles have at least one ready and willing successor identified

Source: Aberdeen Group, February 2012

The Best-in-Class PACE Model

Using talent analytics to achieve corporate goals requires a combination of strategic actions, organizational capabilities, and enabling technologies that can be summarized as follows:

- Provide better visibility into talent data for business leaders

- Align business and talent strategy in order to understand where the gaps are between available talent and business needs

- Integrate internal and external talent data to drive better decision-making

Table 2: The Best-in-Class PACE Framework

Pressures	Actions	Capabilities	Enablers
▪ Need to rapidly realign workforce to changing business priorities / customer demands	▪ Integrate business strategy and talent strategy more closely ▪ Provide the business with better visibility into workforce and talent data ▪ Improve organizational ability to analyze the gap between current workforce competency / capacity and future workforce requirements	▪ Provide executives with visibility into HCM data to enable strategic planning and decisions ▪ Current workforce is assessed against competency model to establish skill gaps ▪ Job roles most critical to organizations success have been identified ▪ Well-defined process to aggregate employee data with other organizational data ▪ HCM data is modeled for strategic planning purposes ▪ HCM metrics defined and agreed to by key stakeholders ▪ HCM analytics data is distributed beyond HR to support management decision making	▪ Integration of external compensation data ▪ Integration of external skills availability data ▪ Succession management tools ▪ Integration of external benchmarking data ▪ Modeling tools for organization definition and job structure ▪ Candidate relationship management tools ▪ Post-hire assessment tools ▪ Interactive dashboards for line-of-business managers

Source: Aberdeen Group, February 2012

Best-in-Class Strategies

As illustrated in Figure 2, the integration of talent and business strategy is the number one strategic action in place among all organizations. Gap analysis is also a top priority, but where Best-in-Class organizations truly differentiate themselves is in the visibility they have into their talent data.

Figure 2: Strategic Actions
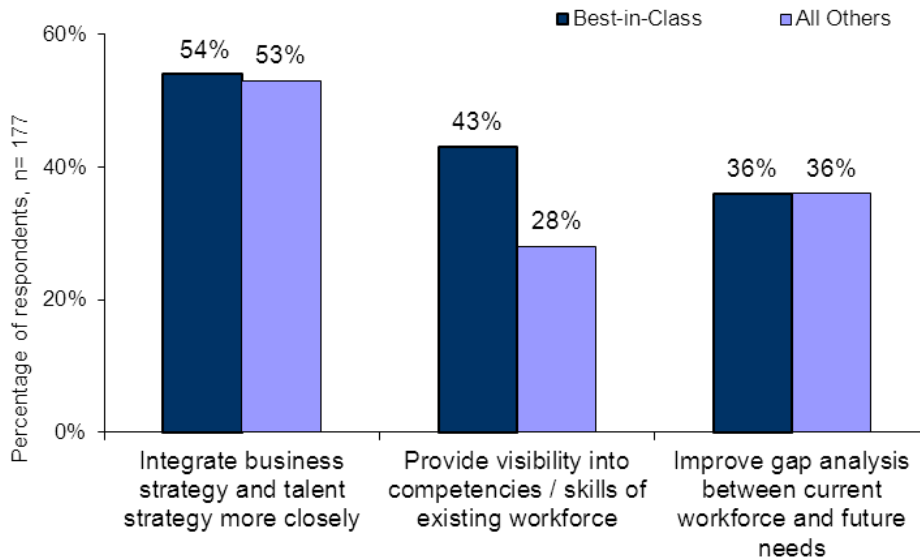
Source: Aberdeen Group, February 2012

This emphasis on visibility comes as no surprise. In the *Human Capital Management Trends 2012* report, the number one capability among Best-in-Class organizations, cited by 63% of respondents, was visibility into talent data. These top performers not only achieved nearly twice as many other organizational goals as Laggards (79% versus 39%), these organizations also saw improvements in key customer facing metrics (Figure 3). Analytics are one of the keys that allow organizations to be agile and responsive and ready for the challenges of today's marketplace - as well as tomorrow's. Chapter Two of this report will explore these visibility tools in more detail and highlight the supporting capabilities that help to get the most from these investments.

Figure 3: Business Impact of Best-in-Class HCM
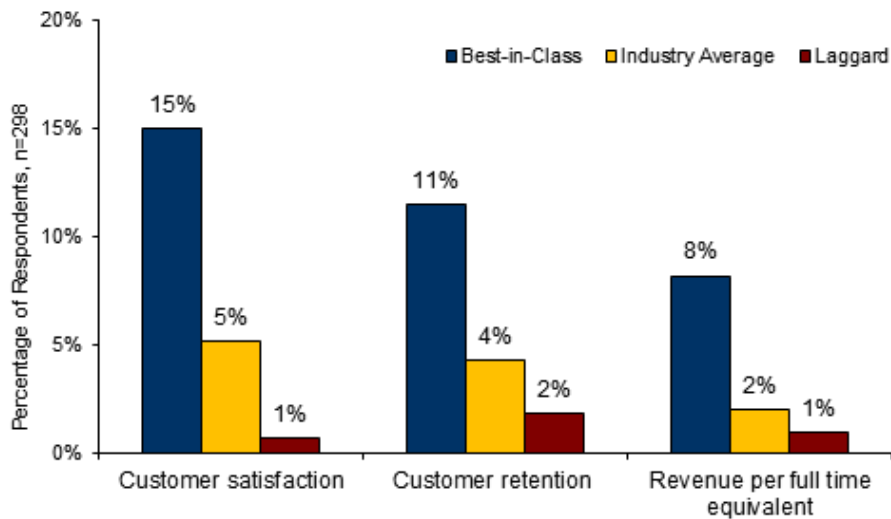
Source: Aberdeen Group, December 2011

The Long and Short of Workforce Planning

The relationship between talent analytics and workforce planning is an important one. Talent analytics enables organizations to take data and turn it into usable information and insight that can drive decision-making. Organizations must continually make sure they have the talent in place to achieve high levels of performance, but they also need to look at potential and readiness - which is at the heart of workforce planning. Tools such as dashboards and reports help human capital leaders turn talent data into actionable information for the business. It is important at a strategic level to ensure that the information delivered through these tools is the right information to drive strategic talent decisions. Human capital leaders must understand the business strategy and objectives and use that as a filter for the types of information they surface to business leaders. Having this type of insight allows organizations to take a differentiated view of how they use talent analytics to make workforce planning decisions.

Respondents to this study were asked to categorize their workforce planning efforts in one of four ways:

- Headcount focused: planning for how many people will be added to the business

- Short-term/tactical: based on short-term workforce needs

- Gap focused: planning based on gap analysis between current workforce skills and competencies and anticipated business needs, as well as numbers of people

- Scenario focused: addressing "what if" scenarios and modeling multiple anticipated future workforce and business scenarios

Improving organizational ability to analyze gaps is a top priority for all organizations, but as Figure 4 shows, Best-in-Class organizations have progressed further in executing this strategy, with 46% of these organizations adopting a gap-focused workforce planning approach.

Figure 4: Workforce Planning Focus
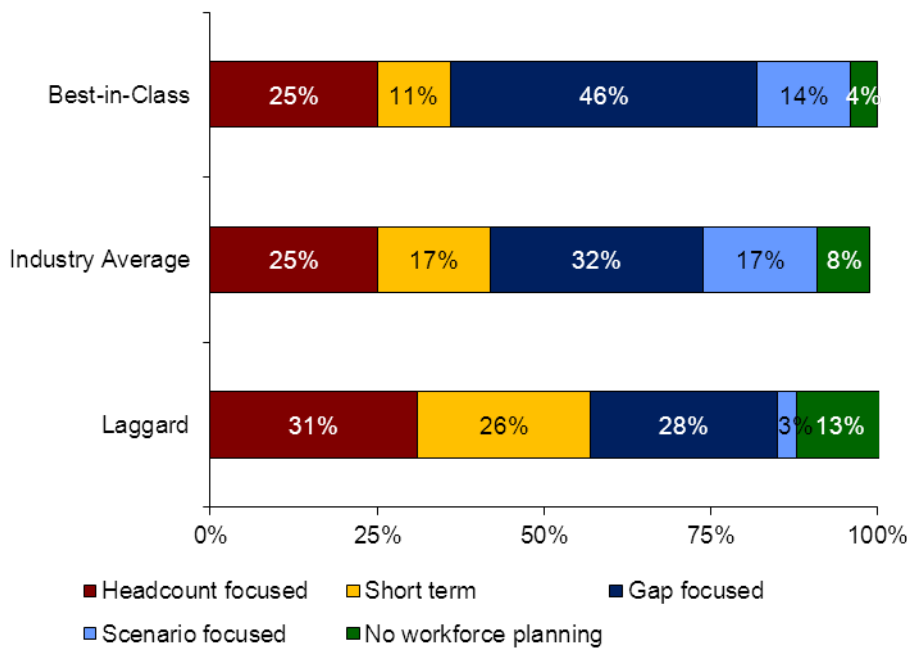
Source: Aberdeen Group, February 2012

This focus on bridging the gaps between anticipated business needs and available talent is indicative of an organization poised to make better short-term and long-term talent decisions. It also means that these organizations are looking to both their internal and external talent pipeline to make sure they know where their next generation of talent will come from to support business growth objectives. But, it is important to note, that gap analysis can only occur when the HR leadership understands the business strategy.

Notably, organizations with a gap focused workforce planning strategy have ready and willing successors identified for just over half (52%) of their key roles. These same organizations have successors identified for 15% more of their key roles than other survey respondents. They are also 16% more likely to have defined development plans in place (66% versus 57%), and saw a 19% greater year-over-year improvement in revenue per full-time employee (13% versus 11%).

As illustrated in the strategy insight below, these Best-in-Class organizations are integrating not only their internal talent analytics but also external talent analytics to help them deliver on this promise.

Fast Facts

Only 11% of all survey respondents have a workforce planning center of excellence, broken down as follows:

√ 26% of the Best-in-Class

√ 15% of the Industry Average

√ 3% of Laggards

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Aberdeen Insights — Strategy

Best-in-Class companies owe much of their success in workforce analytics and planning to their ability to integrate data in order to provide a more complete and coherent picture. This competence in integration - combined with a passion to over-perform - leads more Best-in-Class organizations than others to include external data in their analysis (Figure 5).

Figure 5: Integration of External Data
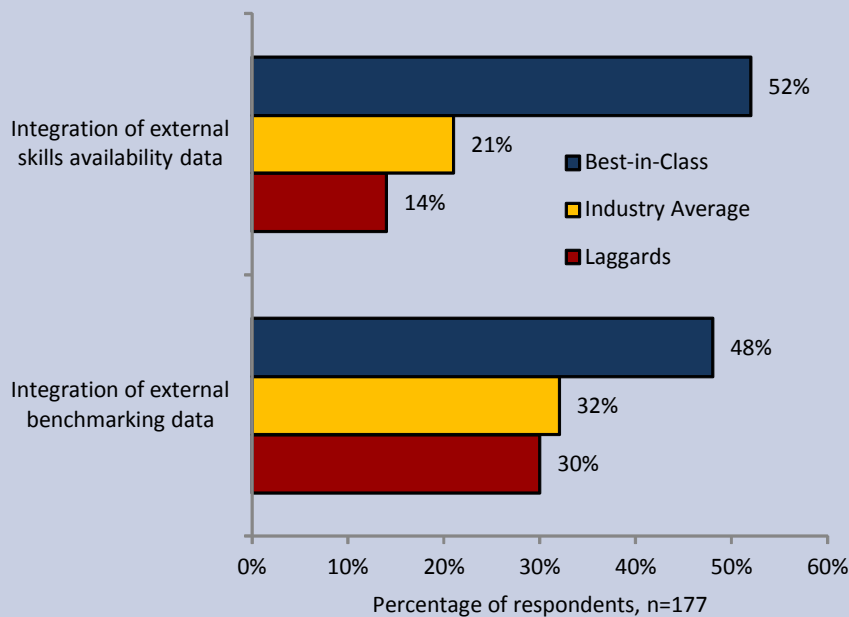
Source: Aberdeen Group, February 2012

In their search for the most suitable talent, Best-in-Class organizations are more than 2.5 times as likely as other organizations to tap external data sources that provide information on the skills and talents available. Accessing the big picture on the availability of talent and skills can improve the accuracy and value of the workforce planning process tremendously. This type of data can help companies to determine the best geographic location for a new facility, based on the skills available in the region and the capacity of local universities to generate a stream of appropriate graduates. Similarly, this knowledge can help HCM leaders to determine which skills and experience they may be able to hire readily, and which roles they are likely to need to fill from within.

continued

"Our clients fluctuate in their demands and deadlines so our talent pool ebbs and flows in a way that reflects that. We are challenged to maintain an excellent talent pool while managing costs."

~ Kåre Lindahl,
CEO,
Venga Corporation

Aberdeen Insights — Strategy

Top performing businesses (the Best-in-Class) are also 50% more likely than other companies to benchmark the overall business and operational performance of the firm against their peers. Not merely content with internal measures of performance, the Best-in-Class companies are eager to understand their performance relative to others so that they can excel.

In the next chapter, we will see what the top performers are doing to achieve these gains.

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Chapter Two:
Benchmarking Requirements for Success

The use of data visualization tools is extremely helpful in bringing talent analytics to life, and helping organizations make better workforce plans. As the case study below demonstrates, visibility can drive speed as well as performance and making business based talent decisions.

Case Study — Shionogi

Shionogi Inc. is the US arm of Shionogi & Co., Ltd., a leading Japanese pharmaceutical company. In 2003, Shionogi received FDA approval for Crestor, a drug to fight high cholesterol. Cholesterol is not a major public health concern in Japan, but in the US it is a multi-billion dollar market. At the time Shionogi didn't have the sales and marketing footprint required to launch such a product so they turned to a highly successful co-marketing agreement with AstraZeneca for Crestor. Following Crestor in Shionogi's drug pipeline were other key drugs however, and the organization wanted to see if it could build the sales and marketing talent pipeline to support future products on its own.

Along the way Shionogi had acquired some other small pharmaceutical companies and in 2010 relocated their corporate headquarters from Atlanta to the pharmaceutical corridor of New Jersey and implemented a new corporate structure. But while they moved the company, they didn't relocate all of their talent. So the challenge was to staff up a new organizational structure, add new capability, and build a talent pipeline capable of ramping up and down with product launches and dips.

When Stephen Matthaey, Manager of Compensation and HRIS at Shionogi, Inc. arrived and tried to help put the pieces together, it became clear that the organization charts used by various parts of the company didn't sync up, didn't let them take a clear view of the resources available, and who else they needed. "We had no way to see who we had," said Matthaey. "And no way to guess if we would have the right talent in place to support a drug launch in the near future." The organization looked to implement data visualization tools, based on an organizational chart view of the company, that brought to life how people in jobs flow into strategic vision.

"What data visualization helped us do is tune the organization, ensuring we have the right structures to support the business as well as the right people in the right roles," said Matthaey. These tools also helped them move from a backward-looking reporting view of talent, to a real-time window into the results being driven by individuals, and eventually a forward-looking scenario model they could adapt on the fly to test future scenarios.

Case Study — Shionogi

These tools will enable the organization to bring together employee data, business data, and talent data and do things like color code for high-potential talent, flight risks, skill gaps and team and individual performance. "It will completely change the quality of the conversations we have. Our senior business leaders can now see at a glance the gaps and work with us to create the right strategy to overcome them," said Matthaey. "Our business leaders are smart and capable, and with the right data they can make astounding judgments in fractions of the time to get the company where it needs to be.

As a result, when Shionogi rolls out its next drug it has the tools and create the right plan to put talent in the right place to support the drug pipeline, either by redeploying current staff or hiring at appropriate levels. Matthaey concluded, "The quality of our decisions are in direct proportion to the quality of questions we ask. When the answers to the simple questions like who we have and what they do jump off the page, we get to spend time asking and answering the real strategic business questions."

Competitive Assessment

Aberdeen Group analyzed the aggregated metrics of surveyed companies to determine whether their performance ranked as Best-in-Class, Industry Average, or Laggard. In addition to having common performance levels, each class also shared characteristics in five key categories: (1) **process** (the approaches they take to execute daily operations); (2) **organization** (corporate focus and collaboration among stakeholders); (3) **knowledge management** (contextualizing data and exposing it to key stakeholders); (4) **technology** (the selection of the appropriate tools and the effective deployment of those tools); and (5) **performance management** (the ability of the organization to measure its results to improve its business). These characteristics (identified in Table 3) serve as a guideline for best practices, and correlate directly with Best-in-Class performance across the key metrics.

Table 3: The Competitive Framework

	Best-in-Class	Industry Average	Laggards
Process	Process to aggregate employee data with other organization data		
	59%	37%	28%
Organization	Center of Excellence for workforce planning established		
	42%	21%	19%
Knowledge	HCM data is modeled for strategic planning		
	59%	35%	26%
	Talent management data combined with business performance data		
	54%	34%	20%

	Best-in-Class	Industry Average	Laggards
Technology	Modeling tools for organization structure and job definition		
	46%	30%	21%
	Post-hire assessment tools		
	42%	35%	34%
	Interactive HCM dashboards provided to senior business executives		
	33%	22%	15%
	Interactive HCM dashboards provided to line-of-business managers		
	25%	17%	12%
Performance	Current workforce is assessed against competency model to establish skill gaps		
	67%	40%	37%

Source: Aberdeen Group, February 2012

Capabilities and Enablers

Based on the findings of the Competitive Framework and interviews with end users, Aberdeen's analysis of the Best-in-Class reveals that tools to support data visualization, the integration of internal and external talent data, and assessment tools to help understand talent gaps are critical to achieving top levels of performance.

Process

Best-in-Class organizations are significantly more likely than others to have a well-defined process in place to integrate employee data with data on the overall performance of the business (Figure 6).

Employee data alone can provide insights into individual employees, entire divisions, or job roles. Employee data, for example, can show which employees are paid the most, which employees are the most educated, which roles have the highest rates of sick leave, and which divisions spend the most on overtime payments. But, in isolation, this information is of limited value. Does it matter if the western region spends more on bonus payments and incentives than the eastern region? Maybe - but what matters more is whether those bonus payments are justified by superior business performance, such as higher profit margins, for example.

"The lead time required to identify and close the talent gaps have dramatically reduced from three months to two weeks necessitating better planning and focus."

~ Aditya Madiraju,
Director of Analytics,
Wunderman International

Figure 6: Employee Data Aggregated with Business Data
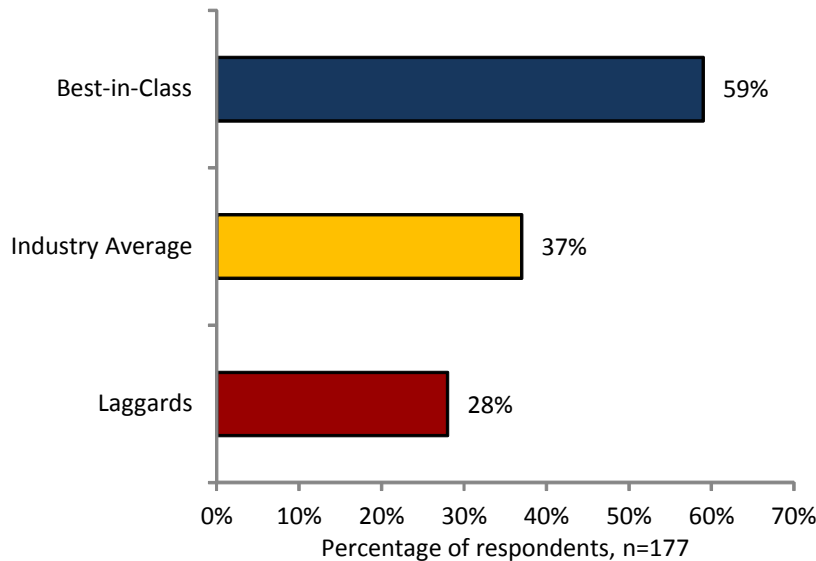
Source: Aberdeen Group, February 2012

In the same way that gas consumption should not be considered in isolation when evaluating the performance of a car, employee performance needs to be considered in context - and that context is the performance of the business.

Organization

Providing executives and managers with rich, high quality data on the workforce and business performance can be powerful. A factor that is too often overlooked, however, is the need for training in how to use and interpret the data.

There's a wise saying that has stood the test of time - a little knowledge can be a dangerous thing. In the same vein, providing managers with access to workforce data without the skills to properly analyze and interpret it can be counter-productive. Best-in-Class companies are twice as likely as others to provide training in these skills across all the appropriate roles - HCM leaders, HCM staff and business managers (Figure 7).

However, although Best-in-Class organizations are more likely to have such training in place, not nearly enough do. For example, just over one-third of Best-in-Class organizations (36%) educate line-of-business managers on the appropriate ways to work with employee data. Without such training in place, how can managers be expected to make decisions that both optimize business performance, and are fair and reasonable for their staff? It must be noted that the information requirements of line managers would be very different from those for business leaders.

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Figure 7: Training on HCM Analytics is Far From Pervasive
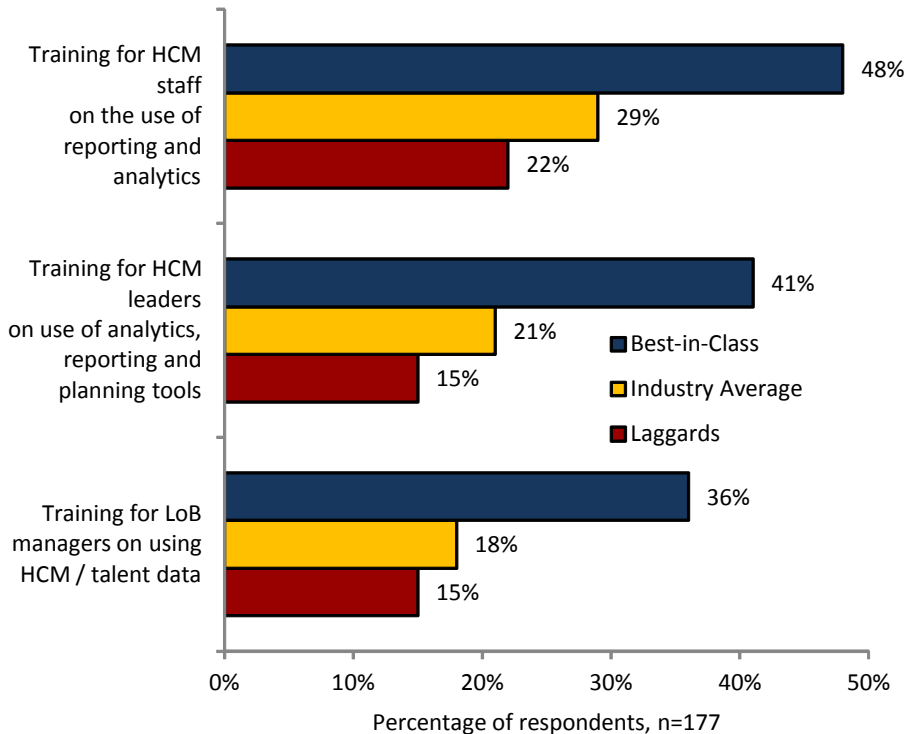
Percentage of respondents, n=177

Source: Aberdeen Group, February 2012

In terms of scope, for example, while managers may only have access to information on their own direct staff, HR staff and executives are likely to need visibility across the entire corporation. However, training should be provided to all users of talent analytics and it should broadly encompass three key areas:

1. Training on the general principles and concepts of reporting and analytics

2. More detailed and specific training on the particular software tool (or tools) that are to be used with HCM data within the organization

3. Domain specific training that illustrates the type of analysis that users might reasonably expect to achieve with the data available and the tools at their disposal

Knowledge Management

Integration is one of the keys to success for workforce analytics and planning. True enough, reporting and analysis on individual data sources can provide value. For example, providing line managers with regular updates on their year-to-date overtime payments can help to ensure that they stay within budget and if necessary alternative ways to stretch productivity. But integration - both of HCM data itself, and of HCM data with information on

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business performance are two of the traits that help to separate Best-in-Class performers from the Industry Average and Laggards (Figure 8).

Figure 8: Integration is More Pervasive Amongst the Best-in-Class
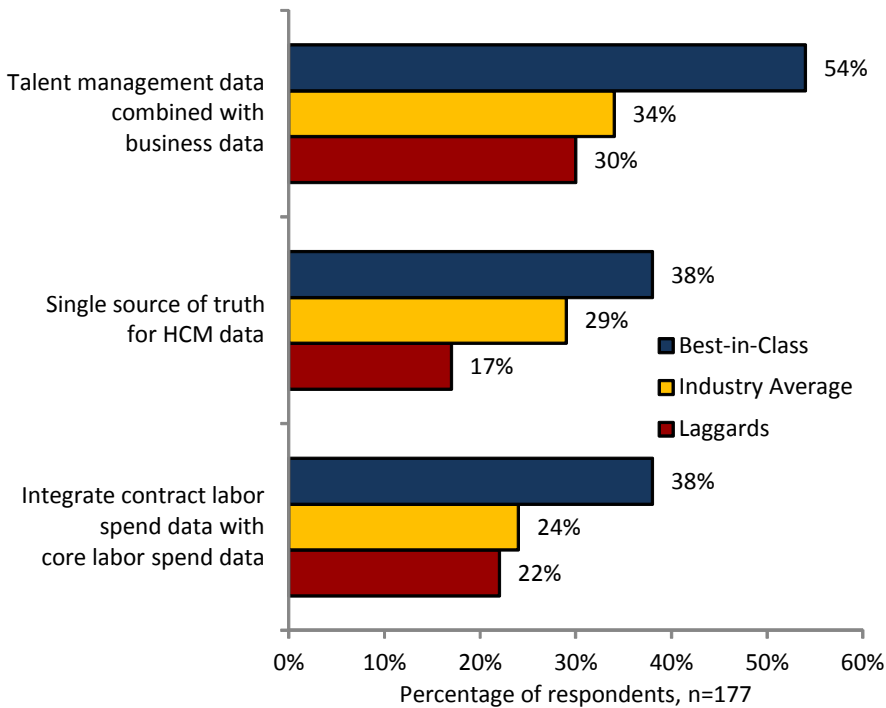
Source: Aberdeen Group, February 2012

As Figure 8 shows, Best-in-Class organizations are 60% more likely than other organizations to integrate contract and contingent labor spend data with data on the cost of regular employees. This well-rounded view of overall staffing costs provides line managers with a much more complete view of their performance against budget and can tie directly to operating costs and hence operating profit margins. Taking this kind of view of "total talent" will be even more necessary as utilization of contract and contingent labor becomes increasingly pervasive.

Among business intelligence practitioners, the concept of the "single source of the truth" is common. This concept reflects the ideal state where an organization possesses a single, consistent, up-to-date repository of all relevant management information. When such a repository exists, managers and executives know they are comparing like with like when they address key decision points. Without this common store, it's all too easy for managers to spend more time discussing who has the right information than making decisions. Thirty-eight percent (38%) of Best-in-Class organizations have such a single source of the truth for HCM data, compared to 29% of Industry Average organizations, and just 17% of Laggards. When a central body of HCM data exists, integration of workforce data with talent data (for example) can be performed once by IT professionals and then shared across

the organization appropriately. Without a single source, when workforce data needs to be combined with talent data it will most likely be done on an ad hoc basis - sometimes by several people in parallel without collaboration - often with much less satisfactory results. As Aberdeen's January 2012 study on the use of _Big Data in HR_ showed, when the data is not trusted and made easy to use, it will continue to sit on the shelf and not drive organizational value.

The ultimate goal, however, must be to draw the dots between the nature and performance of the workforce and the performance of the business. Best-in-Class organizations are over 60% more likely to have already taken this step when compared to other organizations that took part in Aberdeen's survey.

Technology

When it comes to the tools and technologies employed by Best-in-Class organizations, it's all about visualization. Top performing organizations are more likely to use tools that help them model organizational structure. The Best-in-Class are also more than twice as likely as other organizations to use dashboards to provide talent metrics and analytics to the business. As shown in the case study at the beginning of this chapter, helping leaders see their talent data can help them more quickly and readily arrive at business decisions. And as you'll see in the strategy insight at the end of this chapter, dashboards are making a difference for those organizations that use them.

But visualization tools are not the only enablers having an impact. Assessment tools are also critical, especially in helping to identify key gaps between current workforce supply and forecasted business demand. Aberdeen's 2011 assessments study (_Assessments 2011: Selecting and Developing for the Future_) found that Best-in-Class companies are almost twice as likely to look at assessment data as part of the strategic business planning process, and 75% more likely to do so for workforce planning. When planning for the future, once an endpoint is in mind the most important thing is to understand how far the organization really is from achieving that goal. Assessments can help quantify that gap, as well as provide insights into who may have the potential to step up and, with proper development, bring the right skills to the table to bridge the gap. Using assessment data as one of the feeds into forward looking plans is a smart step to creating realistic, actionable plans for the future.

Performance Management

For Best-in-Class organizations, comparison of their own performance against the performance of others is one of the keys to their success (Figure 9).

"The challenge is in getting managers who are busy with their day jobs to take the time to validate the skill capabilities of the associates in our skills inventory system in support of more accurate workforce planning."

~ Organizational Development Consultant, IT Industry

**Figure 9: Benchmarking is a Hallmark of the Best-in-Class**
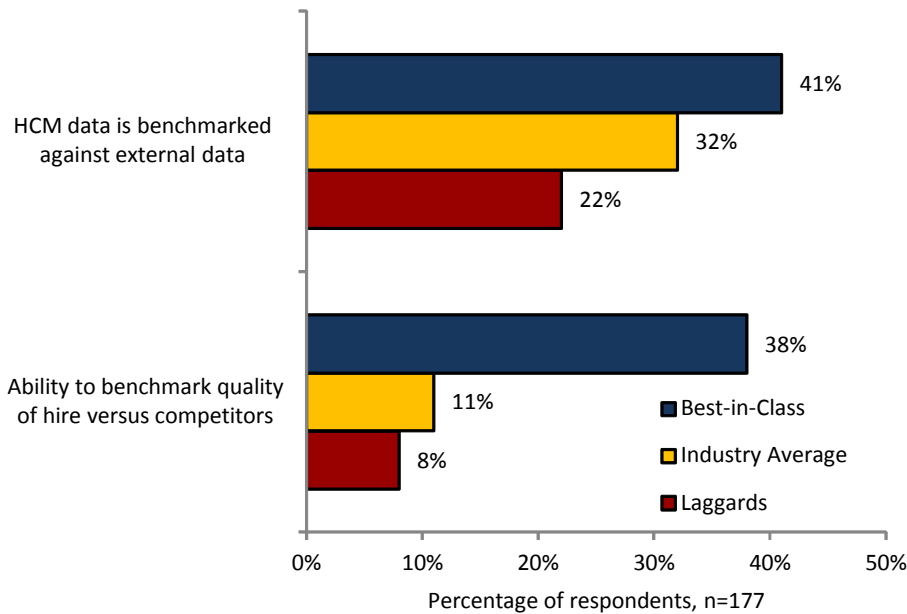
Source: Aberdeen Group, February 2012

Best-in-Class organizations are more likely to benchmark their HCM data against external data sources provided by third parties. Specifically, these top performers are almost four times as likely as other firms to benchmark their quality of hire against their competitors. Quality of hire measures the impact of newly hired individual on the organization, and how well they are able to meet the requirements of the job. By gaining an understanding of the organization's ability to attract key talent as compared to their competitors, companies can better understand how successful their recruiting and talent management efforts are. This type of external benchmarking is not currently pervasive as just 38% of even the Best-in-Class have it in place. But clearly organizations that use talent as a differentiator are seeking to ensure that they're using external data points to validate the true impact of their talent efforts. Other aspects of external benchmarking can provide comparative information on compensation and benefits, as well as the skills, competencies and experience employed for particular job roles.

Aberdeen Insights — Technology

The use of interactive dashboards for human capital management is in its infancy. Overall, only 20% of organizations provide such dashboards to the senior executives, with just 15% providing this technology to line of business managers. However, as Figure 10 shows, Best-in-Class companies have more widespread adoption of interactive dashboards than others.

Figure 10: Dashboards Provide the Analytics Edge
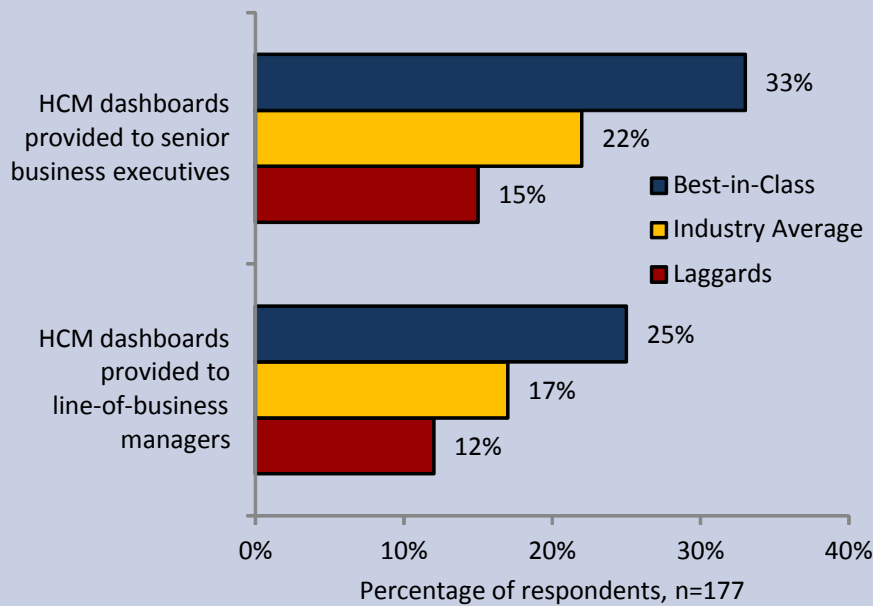
Source: Aberdeen Group, February 2012

In tandem with this, Aberdeen's research found that Laggard organizations are more likely to use static reports to examine human capital data than either the Best-in-Class or Industry Average groups. For instance, while 58% of Best-in-Class organizations provide static reports to senior business executives, 69% of Laggard firms take this approach.

Static reports are capable of providing a good baseline of information, but also have significant limitations. Typically, static reports are generated periodically to provide a fixed set of information - such as a weekly update on overtime payments. However, static reports are not open to manipulation, and consequently do not allow managers to answer unanticipated questions that might arise.

continued

Aberdeen Insights — Technology

For example, if a static report shows a significant increase in overtime payments in one division, it does not facilitate deeper exploration to understand why that increase occurred. As a result, it will take a manager longer to develop an understanding. Several phone calls may be required to subordinates, or a request may have to be made to IT to provide the relevant level of detail. In practice, this may take days or weeks to resolve - or equally likely, the manager will just take action without the information.

On the other hand, this style of self-service exploration of data is exactly the functionality that can be provided by interactive dashboards. Prior Aberdeen research into business intelligence (*Agile BI: Complementing Traditional BI to Address the Shrinking Decision-Window*) found that managers who have these tools at their disposal are more likely than their peers to be able to find the information they need in the time required. Such timely access to information can help managers make more timely, more informed decisions and react quicker to events as they occur.

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Chapter Three:
Required Actions

Whether a company is trying to move its performance in workforce planning and analytics, or the management of HCM data from Laggard to Industry Average, or Industry Average to Best-in-Class, the following actions will help spur the necessary performance improvements:

Laggard Steps to Success

- **Integrate talent and organizational data.** Talent analytics only matter when they matter to the business. Without the ability to integrate employee data with other sources such as sales, revenue, or other organizational performance data, organizations will handicap their ability to make an impact with their analytics efforts. Currently just 28% of Laggard organizations indicate that they have a process in place to aggregate their employee data with other organizational data making them less than half as likely as Best-in-Class organizations to do so (59%).

- **Share the data outside HR.** Talent analytics that are built to serve the needs of only HR are missing the point. Human capital management organizations that don't know how to socialize and share the data beyond HCM will find building a business case for investment in such analytics extremely difficult. If the first steps to analytics and workforce planning success are collecting and integrating data, the next step must necessarily be sharing it. Currently just a third of Laggard organizations enable managers to make real-time operational decisions based on accurate and easy to find HCM data, while Best-in-Class organizations are 33% more likely to do so.

- **Put competencies at the core.** Workforce planning is all about ensuring that talent will be available when the business need arises. Competencies are the foundation for the necessary conversations between the business and talent leaders, and become the common language by which talent needs are communicated. Business leaders require visibility into the skills and competencies that exist within their current workforce to better understand what talent must be developed or acquired to execute on their business goals. Just 21% of Laggard organizations currently provide this visibility, and are half as likely as Best-in-Class organizations to do so (43%).

Industry Average Steps to Success

- **Provide analytics training.** Data analysis and analytics can be daunting to anyone. The HCM organization needs to have the skills required to understand how analytics and data can be used to drive better decision-making. And they must also lead the way for line of business leaders. Providing training and support for all parties

Fast Facts

√ Best-in-Class organizations are 65% more likely to benchmark candidates against the overall marketplace, and nearly 5 times as likely to benchmark their quality of hire versus competitors

√ Best-in-Class organizations are twice as likely as all other organizations to provide training to both HCM and business leaders in the use of talent analytics

How Does Your Performance Compare to the Best-in-Class?

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involved in talent analytics and workforce planning to better understand how to use and integrate data, and how to turn information into insight, is critical to analytics adoption. Just 21% of Industry Average organizations currently have training programs in place for HCM leaders, and 18% provide such training to the line of business. With 41% and 36% adoption rates respectively among Best-in-Class organizations, this should be an area of focus for those wishing to advance their use of analytics and make their use more pervasive.

- **Focus on identifying the gaps.** Organizational strategy is the foundation for building a future workforce plan. Once the business needs are identified through this strategy, the current workforce must be assessed against the competencies required to execute. The results of these assessments can be used to put together the right development plans, or talent pipelines to ensure that the right talent is available at the right time. Currently only 40% of Industry Average organizations assess their current workforce against a competency model to understand the existing skill gaps and they are 68% less likely than Best-in-Class organizations to do so.

- **Use data modeling to support strategic planning.** Visibility into data such as headcount, skills availability, and employee performance data is the first step for many organizations. But the use of modeling tools increases the power of your data, and allows business leaders to make strategic decisions based on what they know about their talent. When the human capital management organization can offer the business strategic insight into how talent will support their business goals that is when they become a true business partner. Currently, 35% of Industry Average organizations model HCM data for strategic planning purposes, as compared to 59% of the Best-in-Class.

Best-in-Class Steps to Success

- **Become a trusted source.** If there is any question about the validity of the data used as the foundation for your analytics efforts, there is a risk that the conversations that ensue will be about data quality not about the insights gained. To have the greatest impact on the organization, a single source of truth for HCM data is required. Even among Best-in-Class organizations just 38% have the single source of truth in place today. This is an area where all organizations should focus to ensure that no matter what the level of sophistication of their analytics efforts, the foundation is secure. Without robust data, analytics adoption by business and HR leaders are likely to falter.

- **Integrate external data as well.** The organizations getting the most out of their analytics efforts not only use them to understand their internal performance, but to understand how their talent stacks up against their competitors. When it comes to

understanding how the talent you attract compares to the quality of talent going to your competitors, Best-in-Class organizations are far more likely to benchmark applicants against the general talent marketplace as well as specific competitors. Compared to other survey respondents, these top performers are 65% more likely to benchmark candidates against the overall marketplace (38% versus 23%), and nearly 4 times as likely to benchmark their quality of hire versus competitors (38% versus 10%). Additionally, more than 50% of the Best-in-Class indicate they plan to put this capability in place in the coming years.

- **Plan for alternate futures.** Gap analysis is important when understanding what stands between your current workforce and the future needs of your business. But no business strategy is set in stone, as the market conditions in which organizations operate are continually changing. Many top-performing organizations are looking to not only understand the strategic gaps, but to model multiple alternate futures and scenarios to come up with plans to keep them a step ahead of their competitors. While just over a quarter (28%) of Best-in-Class organizations provide managers with scenario planning capabilities today, 56% plan to add this capability in the future.

Aberdeen Insights — Summary

The use of talent analytics to support workforce planning efforts is still in its beginning stages for many organizations. For many, this journey starts with answering seemingly simple questions such as, "what is our current headcount" or "how many people will we need to hire next year." But as countless organizations can attest, finding accurate answers to these questions is often no easy feat. Organizations must go through an evolution starting with gaining visibility into the current state of their workforce and focusing on short-term and tactical workforce planning. Then, as trust is built with the business, competency analysis and real-time access to the data can help business managers make smarter decisions about the talent needed to power their strategies. And finally, organizations can layer in scenario planning and options modeling to help them plan for not only the most plausible future outcomes, but for best and worst case features as well, keeping them ahead of a rapidly changing marketplace. No matter where you are on the analytics and planning journey, it's important to remember that visibility, integration, external validation and scenario planning are at the core of this important organizational evolution.

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Appendix A:
Research Methodology

Between January and February of 2012, Aberdeen examined workforce management strategies, experiences, and future plans of more than 244 organizations worldwide to identify best practices.

Aberdeen supplemented this online survey effort with interviews with select survey respondents, gathering additional information on strategies, experiences, and results.

Responding enterprises included the following:

- *Job title / function:* The research sample included respondents with the following job titles: senior management CEO / President (13%); EVP / SVP / VP (19%); Director (20%); Manager (29%); Consultant (10%); Staff (6%); and other (3%).

- *Industry:* The research sample included respondents from a variety of industries. IT consulting / services (11%); software (8%); financial services (6%); government (8%); medical / healthcare (5%).

- *Geography:* The majority of respondents (61%) were from North America. Remaining respondents were from Europe (20%); the Asia-Pacific region (13%); Middle East / Africa (5%) and South America (1%).

- *Company size:* Twenty-seven percent (27%) of respondents were from large enterprises (annual revenues above US $1 billion); 30% were from midsize enterprises (annual revenues between $50 million and $1 billion); and 43% of respondents were from small businesses (annual revenues of $50 million or less).

- *Headcount:* Fifty-one percent (52%) of respondents were from large enterprises (headcount greater than 1,000 employees); 21% were from midsize enterprises (headcount between 100 and 999 employees); and 27% of respondents were from small businesses (headcount between 1 and 99 employees).

Study Focus

Responding Human Capital and line of business executives completed an online survey that included questions designed to determine the following:

√ What types of talent analytics tools are currently in use

√ The impact and prevalence of short term and long-term workforce planning efforts

√ How external talent analytics can combine with internal data to drive performance

The study aimed to identify emerging best practices for talent analytics, and to provide a framework by which readers could assess their own management capabilities.

Table 4: The PACE Framework Key

Overview
Aberdeen applies a methodology to benchmark research that evaluates the business pressures, actions, capabilities, and enablers (PACE) that indicate corporate behavior in specific business processes. These terms are defined as follows:
Pressures — external forces that impact an organization's market position, competitiveness, or business operations (e.g., economic, political and regulatory, technology, changing customer preferences, competitive)
Actions — the strategic approaches that an organization takes in response to industry pressures (e.g., align the corporate business model to leverage industry opportunities, such as product / service strategy, target markets, financial strategy, go-to-market, and sales strategy)
Capabilities — the business process competencies required to execute corporate strategy (e.g., skilled people, brand, market positioning, viable products / services, ecosystem partners, financing)
Enablers — the key functionality of technology solutions required to support the organization's enabling business practices (e.g., development platform, applications, network connectivity, user interface, training and support, partner interfaces, data cleansing, and management)

Source: Aberdeen Group, March 2012

Table 5: The Competitive Framework Key

Overview
The Aberdeen Competitive Framework defines enterprises as falling into one of the following three levels of practices and performance:

The Aberdeen Competitive Framework defines enterprises as falling into one of the following three levels of practices and performance:

Best-in-Class (20%) — Practices that are the best currently being employed and are significantly superior to the Industry Average, and result in the top industry performance.

Industry Average (50%) — Practices that represent the average or norm, and result in average industry performance.

Laggards (30%) — Practices that are significantly behind the average of the industry, and result in below average performance.

In the following categories:

Process — What is the scope of process standardization? What is the efficiency and effectiveness of this process?

Organization — How is your company currently organized to manage and optimize this particular process?

Knowledge — What visibility do you have into key data and intelligence required to manage this process?

Technology — What level of automation have you used to support this process? How is this automation integrated and aligned?

Performance — What do you measure? How frequently? What's your actual performance?

Source: Aberdeen Group, March 2012

Table 6: The Relationship Between PACE and the Competitive Framework

PACE and the Competitive Framework – How They Interact
Aberdeen research indicates that companies that identify the most influential pressures and take the most transformational and effective actions are most likely to achieve superior performance. The level of competitive performance that a company achieves is strongly determined by the PACE choices that they make and how well they execute those decisions.

Source: Aberdeen Group, March 2012

Appendix B:
Related Aberdeen Research

Related Aberdeen research that forms a companion or reference to this report includes:

- *Human Capital Management Trends 2012: Managing Talent to Lead Organizational Growth*; January 2012

- *Buy vs. Build: Managing the Talent Pipeline through Data*; November 2011

- *Agile BI: Complementing Traditional BI to Address the Shrinking Decision-Window*; November 2011

- *Critical Roles: Sourcing for Business Impact*; September 2011

- *The Talent Acquisition Lifecycle: From Sourcing to Onboarding*; September 2011

- *Assessments 2011: Selecting and Developing for the Future*; May 2011

- *Metrics that Matter: Measuring and Communicating HCM Success*; March 2010

- *Intelligent Human Capital Management: Workforce Analytics Drive Profit and Performance*; September 2009

Information on these and any other Aberdeen publications can be found at www.aberdeen.com.

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