

**Tactical doer or strategic  
business partner?  
How data can fuel an  
HR transformation**



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**“A company’s ability to compete in the emerging digital economy will require faster-paced, forward-looking decisions.”**

**— Douglas Laney,  
VP analyst at Gartner<sup>1</sup>**

Global employment is becoming increasingly complex, with constantly shifting trends and regulations impacting worker expectations and rights. In response to rapid change, many industry leaders are leveraging HR data and analytics as a competitive advantage to attract, engage and retain top talent. And as a result, they’re realizing the strategic value of HR transformation and evidence-based decision-making.

Although HR transformation is proven to be well worth the effort, it’s not a simple, one-time process, but rather an ongoing evolution that requires many strategic considerations, including:

- Alignment with corporate goals
- Thorough data management
- Specialized talent
- A modernized infrastructure

As you look to evolve HR from tactical doer to strategic business partner, here’s how you can work toward a flexible—but impactful—HR analytics strategy that prepares your company for continuous transformation.



## HR's big data problem

When the big data revolution was in its infancy in 2013, a majority of investments were given to business functions that generated and maintained revenue, like sales, marketing, customer service, and research and development. Only 5% of big data investments went to human resources.<sup>2</sup>

In addition to receiving fewer resources, HR has had to contend with data complexity—especially in the global context. Oftentimes information is stored in separate systems with language-specific details that can be easily misinterpreted. Constantly changing global regulations around data privacy also impact complexity, as the amount and type of data collected often vary dramatically, depending on where a company operates.

Nuances like these easily add up to inconsistent data inputs that are difficult to interpret and access—a common but costly issue. In 2018, organizations estimated poor data quality alone cost them each an average of \$11.8 million per year.<sup>3</sup>

Despite ongoing challenges with big data, leaders have proven they are determined

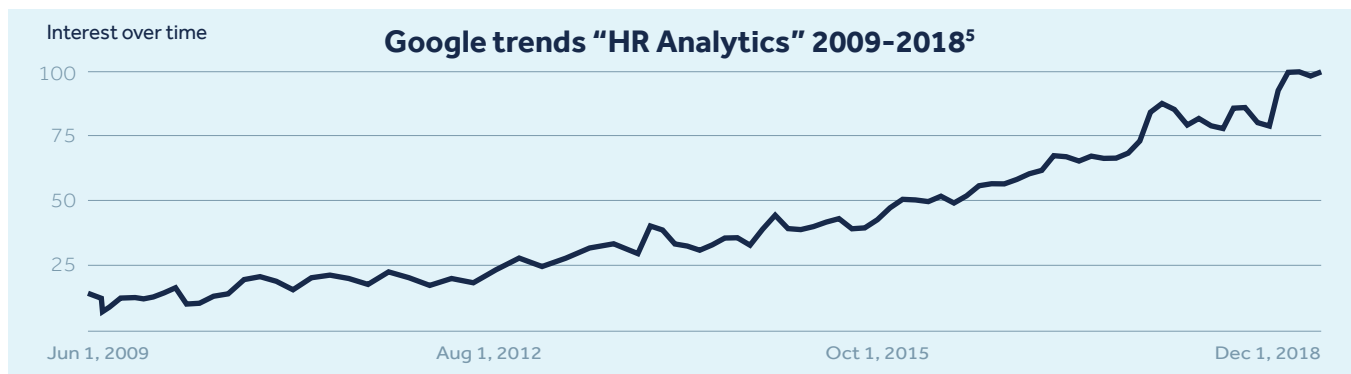


to rise above the complexity in order to solve business problems with meaningful analytics.

## The rise of HR analytics

To HR executives and the companies they represent, data and its resulting insights are critically important for improving ROI and making data-driven decisions that attract, engage and retain employees.

**More than 70% of companies say they consider HR analytics to be a high priority.<sup>4</sup>**



Much of the hype around HR analytics has fallen flat when put into action, however, as nearly 80% of HR executives believe their company is ineffective at using their talent data to inform decisions.<sup>6</sup> Why? Data maturity is often to blame.

Gaining the strategic benefits of HR analytics, like effective problem-solving and future business planning, is greatly dependent on your company's data maturity level.

According to Deloitte's Talent Analytics Maturity Model, there are four maturity levels:



### Operational reporting

HR uses data reactively to understand and reflect on what happened in the past.



### Advanced reporting

Data reporting is proactive, routine and more frequent and reports look at relationships between variables.



### Strategic analytics

HR uses statistical models or root-cause analysis to proactively identify issues and recommend actionable solutions.



### Predictive analytics

Data is used not only to predict what will happen in the future, but also to plan for it.<sup>7</sup>

Advancing to more sophisticated levels of data maturity and reaping the strategic benefits of HR analytics requires your HR organization to evolve and prepare for continuous data transformation.



**“If your organization wants to maximize the value of its data assets, you may need to improve maturity levels first.”**

**— Melody Chien, Senior Director Analyst at Gartner<sup>8</sup>**

# Starting your data evolution journey

Here's how you can influence the evolution of your HR organization's data maturity, maximize the value of HR data and ensure impactful analytics:

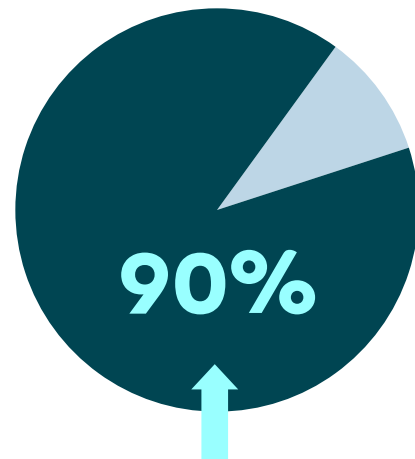
## BUILD A STRATEGIC VISION

To learn where you should begin, you'll need a complete understanding of where your company is now and where it wants to be in the future, so you can align data plans and objectives with the rest of business.

You'll need a strong understanding of the current corporate strategy to learn what is most important to your senior executives and key stakeholders. Which two to three initiatives matter most to them and are their top priority? Take time to understand how they make decisions. How are they translating the corporate strategy into day-to-day operations? By knowing exactly where leadership stands and how they operate, you can ensure you're focusing on the right KPIs, right from the start.

Next, pull together a cross-functional team that includes a lead stakeholder—ideally someone who can influence the budget—to drive the program. And identify a key champion for data initiatives, so there is one point of contact who is always moving the project forward.

Taking the time to plan a strategic vision allows you to identify gaps and anticipate what the journey forward will look like.



**By 2022, 90% of corporate strategies will explicitly mention information as a critical asset.<sup>9</sup>**

The rest of your initiatives should focus on action and experimentation, so you can learn what is needed to keep the project moving forward as you encounter problems.

## INITIATE DATA PROFILING, CLEANSING AND GOVERNANCE

Take a closer look at the HR data you have available from existing sources and gather key details about it, like completeness, redundancy, sparseness or pattern distribution. Data profiling will be key to understanding the current state of your HR data and the overall maturity of data that lives within your company.

This process could require a profiling tool, like SAP Business Objects Data Services (BODS), or someone who is adept at analyzing data—either way, it's well worth the time and effort.

**Knowing the status of your data helps generate momentum for data cleansing and validates a strategy to keep data clean into the future.**

Next, you'll need strong data governance policies and procedures in place to ensure all data continues to be overseen correctly. Data governance defines the rules for managing data to ensure quality, security, availability, usability, privacy and other factors that impact how valuable data is to the business.



Governance initiatives enable your company to balance data opportunities with data risks—which is crucial when you operate in multiple countries and regulations like GDPR significantly increase your risk of noncompliance. These data-focused initiatives will help you be realistic about your organization's data maturity—maybe your company isn't ready to heavily invest in talent or infrastructure at this point.

#### **PROVE THE CONCEPT**

Gaining leadership buy-in should be your top priority, because without support, projects can easily lose momentum. You'll need to prove the value of HR data initiatives early on.

You can set out to prove the project's viability with an internal team, if you have the resources, or work with an external consultancy. Start by gathering relevant data—from multiple spreadsheets if you must—that could answer a top priority business question. As you work through this process, consider how difficult it is to access what you need. Make sure you track and document when and where you encounter problems along the way.

**Taking a proactive approach validates the business value of HR data and analytics as your key findings and insights can be shared with stakeholders.**

## INVEST IN TALENT

Now you'll need to identify the tools and systems that will be needed to build out a new and more sophisticated HR data infrastructure. Specialists like data scientists, data architects and systems architects can help inform the structure and develop what is needed. They can also help you understand what is possible. But be aware. Getting the right people on board could be more timely and difficult than you'd expect.

**Between 2013 and 2018, employment demand for data scientists increased by 256%—making talent feel nearly impossible to find.<sup>10</sup>**

As initiatives progress, you'll also need to upskill your current HR team's data fluency. Data-driven insights training can empower them with the ability to read, understand and contextualize data. In-house staff will also need training to learn new systems and run or create reports, depending on the tool. So be prepared to invest in both new and existing talent.



## MODERNIZE SUPPORTING INFRASTRUCTURE

As data specialists join the team, they can inform what tools and systems will be needed and focus on updating the infrastructure that will support the strategy and long-term vision.

In the meantime, collaborate with IT and shared services to align on what you are collectively trying to achieve with your new infrastructure. And before starting conversations with vendors, have your team agree on some guiding principles for decision-making about technology selection.

- **What features or functionality are “must-haves” (e.g. HCM integration)?**
- **What top two traits about a vendor are most important (e.g. number of Fortune 500 clients)?**

Vendors with solutions and systems that offer an open infrastructure and the ability to integrate multiple tools will allow you to be more agile and responsive to emerging business needs. And with the ability to centralize data from across the organization you can elevate data maturity by gaining a comprehensive view of what is possible with analytics.

**Keep in mind that no vendor can give you everything you need, so try to find a toolset that you can use for many purposes.**



## From HR analytics to strategic workforce planning and beyond

With the right strategy and structure in place, you can maximize the value of your HR data and begin reaping the benefits of more sophisticated analytics, including:

- Better employee experience
- More efficient hiring
- Increased retention
- Process improvement

Beyond HR, your data evolution can extend into other areas, like payroll, to maximize the value and ROI of your efforts.

**Payroll information is often an overlooked data asset—even though it represents 50%-60% of a company's overhead cost.<sup>11</sup>**

As more companies realize the value of Human Capital Management systems and HR analytics, they're looking to maximize the potential of all their workforce data—including payroll—in order to gain a clearer understanding of their total workforce costs and make informed strategic decisions for long-term business impact.



In the end, your organization's data evolution journey will be well worth the effort, as this process gradually unlocks the possibilities of evidence-based decision-making and transforms HR from a tactical doer and answer broker to a multifunctional, strategic business partner.

To learn how Global Managed Payroll can help transform your HR data and unlock the possibilities of strategic workforce analytics, [connect with a global payroll expert today.](#)



<sup>1</sup>Why data and analytics are key to digital transformation, Gartner 2019

<sup>2</sup>The emerging big returns on big data, Tata Consultancy Services 2013

<sup>3</sup>Design a data and analytics strategy, Gartner 2019

<sup>4</sup>Global Human Capital survey, Deloitte 2017

<sup>5</sup>Google trends "HR Analytics" 2009-2019

<sup>6</sup>HR Talent Analytics insights, Gartner

<sup>7</sup>Bersin by Deloitte's Talent Analytics Maturity Model

<sup>8</sup>Take your analytics maturity to the next level, Gartner 2018

<sup>9</sup>Why data and analytics are key to digital transformation, Gartner 2019

<sup>10</sup>Data Scientist: A Hot Job That Pays Well, Indeed Hiring Lab 2019

<sup>11</sup>Your unexplored payroll data mine, HR Magazine 2015



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