

## Summary

This white paper explores the crucial role of Workforce Analytics in strategic workforce planning and shaping future business strategies. In today's data-driven landscape, HR leaders and decision-makers face the challenge of managing a deluge of diverse data from sources like Finance, Project Delivery, Sales, and Marketing. This scattered information, available in silos, hinders an organization's growth potential. However, Workforce Analytics bridges this gap by consolidating data and adding a new dimension to insights. By harnessing this solution, organizations can analyze and optimize their workforce, gaining a decisive advantage in the dynamic HR environment.

## Give Your Business the Advantage of Workforce Analytics

Human Capital or Workforce Management is an important and often the most complex aspect of managing any business. The challenge is even bigger for project-based organizations that rely on the talent and skills of their people rather than a product for business growth and success.

***“The most productive employees contribute significantly to an organization's success, yet many organizations struggle to identify and retain these top performers effectively.”***

HR leaders across the board (project-based organizations) included the need to re-imagine the role of HR in a technology-driven and hybrid work environment. This tectonic shift in the workplace environment is in part driven by the pandemic coupled with a dearth of talented workforce, ever-evolving technology, and changing business needs. The shift in dynamics has left HR managers grappling with challenges such as employee retention,

recruitment, talent management, and overall role of HR in this new workplace environment. Recent studies predict a shortage of global human talent to the tune of [85 million people by 2030](#). Highly skilled workforce is hard to find and even more difficult to retain. Embracing workforce analytics is the need of the hour for new-age and forward-thinking organizations to navigate through these complexities.

## Decoding Workforce Analytics

Workforce analytics provide real-time insights into work activities that enable teams to thrive at their workplace. The data is tracked for employees regardless of their location (in-office or remote employees). This [productivity data](#) is then converted into easy-to-understand reports unique to an organization's needs. Business and HR leaders can use workforce analytics to identify patterns, track goals, and devise a strategy to align with organizational goals. [Unlike people analytics, workforce analytics takes many other factors under its purview which we will discuss as we move forward.](#)

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*70% of executives believe they could make better and quicker business decisions with improved access to personnel data.*

Source: [Deloitte and Visier](#)

Workforce analytics is a specialized subset of HCM (Human Capital Management) that employs cutting-edge tools and metrics to optimize performance across crucial areas like recruitment, staffing, training, development, and compensation & benefits. By leveraging data-driven insights, this analytical discipline provides invaluable metrics such as time to fill, cost per hire, retention, and offer acceptance rate. It also forecasts employee attrition rates and offers imperative recommendations for retention programs, exerting a direct and profound impact on overall organizational success.

## What to expect?

This white paper explores the role of workforce analytics, its key principles, and methodologies enabling organizations to leverage these analytical insights to adapt to the ever-evolving work landscape. By adopting a strategic and data-first approach, businesses can optimize talent acquisition, retention, and development efforts, positioning themselves for long-term success in the dynamic and competitive modern workplace.

## **Section 1- Why do project-based businesses need a workforce analytics model?**

Project-based businesses depend highly on their human capital (skills and knowledge of their workforce) to deliver specialized projects or assignments to clients. Being in a people-centric and service-centric business these organizations cannot undermine the importance of effective workforce allocation and meticulous workforce planning to achieve desired outcomes and ensure project success. HR requires a deeper understanding of how the workforce is utilized and how that utilization impacts the project's success.

**Please note:** *Workforce planning in this context involves conducting a thorough analysis of project requirements, identifying crucial skills, and optimizing resource allocation.*

However, relying on manual approaches can present daunting challenges, resulting in inefficiencies, compromised quality, and unavoidable delays. Data analysis platforms tackle these obstacles head-on by offering comprehensive insights into individual skills and capabilities. By combining the potential of the workforce and people analytics, a pragmatic framework is established that significantly impacts business insights and outcomes. Project-based organizations can benefit at various levels by leveraging workforce analytics.

### **a. Building an HCM driven organization**

Human Capital Management (HCM) enables businesses to build and maintain a high-performing team by tracking the skills, performance, and career progression of their workforce. It consolidates data from various repositories into a centralized platform, resolving the issue of scattered data. Organizational leaders are able to examine the correlations between corporate strategy and the necessary talent required for its successful execution. Data becomes the oil that fuels project-based businesses to make informed decisions and chart success stories.

No wonder the adoption of HCM has significantly increased among project-based organizations, with [70.5%](#) using it as HCM equips them with tangible proof of their workforce capabilities to showcase to prospective clients.

### **b. Attract and retain top talent**

Workforce analytics connects all business functions that are involved in recruiting, onboarding, retaining, and managing employees by providing a birds-eye view of people and business data. By implementing various types of workforce analytics such as descriptive, predictive, prescriptive, real-time, and social analytics businesses can:

- Get insights on employee utilization and workforce balance
- Predict success or failure of ongoing projects and take preemptive measures
- Plan future resource needs well in time
- Respond in real-time to changing clients and employee needs
- Gather insights on how clients, partners, and employees interact
- Take informed decisions on workforce allocation and learning & development strategies

The information equips organizations to create work patterns, remuneration plans, and design processes that result in optimum utilization of the workforce and a delightful employee experience. The outcome, organizations are able to attract and retain the crème-de-la-crème talent.

According to [SHRM's study](#), the full potential of workforce analytics remains largely untapped. However, 10% of organizations that have employed advanced analytics have been able to solve many challenges with regards to talent management.

### ***HR Information Maturity Curve: Shift from a transactional to a forward-thinking approach***

Agility in HR is a prerequisite to meet the needs of project-based organizations, the reason why HR teams are now transitioning from a reactive and transitional approach to a responsive and strategic approach. By harnessing the benefits of integrated analytics, connected HR systems, and predictive analytics, HR function is now able to track the impact of various HR initiatives and create employee experiences that aid in minimizing attrition and boosting overall productivity.

#### **c. Predictive analytics offers a competitive advantage**

In project-based businesses, people analytics provide a competitive edge by utilizing predictive analytics. It helps businesses analyze human resources data to make informed

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predictions about future outcomes, optimize resource allocation, attract and retain talent, enhance project performance, forecast profitability, and mitigate risks.

Predictive analytics identifies flight-risk employees, pre-empting proactive measures and targeted retention action plans. It supports skill and succession planning by identifying critical competencies and developing internal talent pipelines. Additionally, it optimizes compensation and rewards programs based on market trends and employee preferences.

Traditionally, organizations have focused on data integrity and reporting related to core applications. However, the need for more meaningful and insightful information has redirected attention toward fundamental and advanced/predictive analytics. For futuristic organizations, using analytics capabilities, organizations can extract valuable insights from both internal and external data sources, empowering leaders to prudently respond and make informed decisions based on data.

#### **d.Connecting people performance with corporate performance**

Contrary to popular belief employee engagement and satisfaction directly impacts client satisfaction which in turn impacts your overall business performance. Remember, happy employees, make happy clients. This implies HR leaders should not just focus on data and reports related to HR processes and programs, they need to look at the bigger picture. They need to identify the business problems that need attention and which HR data points are relevant to address those issues. For example, which roles within the organization can help maximize revenue or what employee satisfaction parameters drive client loyalty and satisfaction.

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Workforce analytics enable business leaders to get a holistic view and make more sense of available data by connecting data across departments. This in turn facilitates effective collaboration, increased efficiency, higher productivity, real-time solutions to fulfil changing project and client needs, satisfied employees which collectively result in successful project completion and desired organizational performance.

## **Section 2 - Navigating the hurdles in implementing workforce analytics**

Implementation of new technologies and systems is often met by a strong resistance from those who are directly impacted by it. Workforce analytics has a direct impact on various functions across the organization, existing systems in place and hence it is only natural to encounter a few challenges when it comes to implementing workforce analytics. On this note, let's examine the challenges project-based businesses face when implementing workforce analytics strategies.

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#### a. **Lack of trust**

There is a perception among business leaders of other functions (project heads, delivery, managers, finance heads) within an organization that HR does not have a clear understanding of the human capital requirements of the business. They tend to believe that HR people lack the basic understanding of how to analyse data and hence a workforce analytics driven by HR may not meet the desired organizational goals. However, things have changed for the better in the last decade, with more and more HR teams adapting a data-driven approach for decision-making.

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#### b. **Unorganized data**

Workforce analytics thrives on quality data. However, most organizations have data stored in a format that is easy to understand or can be easily retrieved and used when required. By identifying and refining pertinent data points, organizations can enhance the accuracy and reliability of insights, enabling more effective HR decision-making and superior workforce management. For example, when focusing on employee performance, key data such as performance ratings, productivity metrics, or training records can deliver tangible business value when tracked diligently.

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#### c. **Implementing casual-benchmarking**

Casual benchmarking in workforce analytics only focuses on outcomes, overlooking the crucial factors that contribute to success. Mere replication without considering the unique organizational context leads to ineffective or suboptimal results. To avoid these pitfalls, leaders must adopt a calculated and intentional approach to benchmarking. Rather than blindly imitating practices, they should

prioritize comprehending the underlying principles, strategies, and capabilities that drive success in workforce planning and optimization.

#### **d. Enabling ad-hoc practices**

Ad-hoc practices prioritize reactive problem-solving over planned data-driven decision-making. By solely addressing immediate issues without a tactical approach to workforce analytics, leaders hinder scalability and sustainability. To overcome these limitations, a structured framework is crucial. This entails setting clear goals, defining key metrics, implementing consistent data collection, and integrating analytics into strategic workforce planning. Embracing a standardized and formalized approach to data analysis is essential to enhance continuous improvement and optimization.

### **Section 3 - Achieving better insights by cultivating a data-driven culture**

HR leaders often face challenges in extracting essential insights for making informed decisions. A Deloitte [study](#) underscores this by indicating that even with access to people's information, only 29% of decision-makers feel confident in addressing talent retention and performance issues. Implementing data analytics platforms alters this situation by providing specialized tools and capabilities to analyze and interpret workforce data effectively. This transformation nurtures a culture that prioritizes data-driven practices. To expedite this process, leaders can proactively take specific measures.

#### **a. Stay business-focused**

Leaders must ask themselves: "How can data solve our challenges? It is crucial to identify the specific pain points, inefficiencies, or gaps within business operations that can be resolved through data-driven insights. Once the problem is identified, leaders can establish Key Performance Indicators (KPIs) that directly align with their objectives. These KPIs should be measurable, actionable, and relevant to addressing the identified problem. For instance, if the goal is to improve project outcomes, metrics such as on-time delivery, cost efficiency, and customer satisfaction should be incorporated into the KPIs.

## **b. Collaborative data management and analysis**

Most project based organizations have dedicated analytical teams for internal functions like payroll, employee engagement, and turnover. While these metrics are important for improving internal operations, they need to provide a comprehensive understanding of the organization's overall position to tackle external challenges such as customer needs, market dynamics, competition, and technological advancements.

To effectively overcome this limitation, organizations must embrace an outside-in approach. This entails shifting the focus of analytical teams towards utilizing HR data to address both internal and external challenges. By doing so, these teams can provide invaluable support to leaders in making informed decisions that align with broader business goals. They can address the ever-shifting demands of the labor market and the transformative impact of technology on work.

On the other hand HR professionals must clearly understand their organization's data management and analysis capabilities. This knowledge empowers them to identify areas where collaboration with external partners or consultants is required to address expertise or technological gaps.

## **c. Top-down data driven approach**

Data-driven initiatives should be championed from the top down. Senior leadership should exhibit a solid dedication to making data-based decisions. They must allocate the necessary resources and assistance to cultivate a culture that values it across the entire organization.

## **d. Addressing the skill gaps**

A skill map created through insights derived from data analytics supports workplace flexibility by optimizing resource allocation, enabling cross-functional collaboration, and facilitating employee engagement. This approach improves retention rates and delivers value in shorter time frames by leveraging people's right skills and capabilities.

#### **e. Make HR audits a regular habit**

HR audits can help organizations identify potential compliance issues, such as gaps in employee records or inadequate policies and procedures. Additionally, they can identify areas where HR processes can be streamlined or automated, increasing efficiency and productivity.

## **Section 4 - Measuring project-based businesses' growth with effective workforce analytics metrics**

Access to appropriate HR metrics empowers organizations to understand their workforce and data extensively. These metrics enable them to measure progress, compare against industry benchmarks, and identify areas that require enhancement. They provide leaders with the flexibility to track progress, evaluate the effectiveness of policies and practices, and align the HR frameworks with organizational objectives.

Here are **five key HR metrics** to consider when adopting a data-driven approach for strategic workforce planning.

#### **a. Total Cost of Workforce**

The Total Cost of Workforce metric can measure the alignment of the workforce with business objectives, which is critical in linking workforce and business strategy. Measuring this metric as a percentage of expenses or revenue across multiple dimensions provides valuable insights for effective workforce management.

## **b. Management Span of Control**

The Management Span of Control metric helps organizations evaluate the cost and structure of their management staff. Tracking this metric over time can identify workforce trends, pockets of the workforce that can work better with specific structures, and optimize the cost structure, resulting in happier and more productive workers.

## **c. High-performer turnover rate**

It is crucial to track the number of high-performing employees leaving an organization instead of just the overall turnover rate, which does not necessarily indicate failure. Tracking this metric helps organizations identify the true cost of turnover and develop intervention methods. By modeling how high performers vary across different job groups and workforce segments, organizations can connect workforce analytics to business outcomes and drive results.

## **d. Career path ratio**

It measures the rate of upward movement versus lateral movement within an organization. This metric is important because lateral movements offer a low-cost way to enhance and build workforce capability over time, renew and expand the experience, and provide new challenges.

## **e. Talent Management Index**

It is a comprehensive metric that evaluates an organization's talent management practices throughout the employee lifecycle. It measures recruiting, mobility, performance management, training and development, turnover, and retention. By

tracking this metric, organizations can hold managers accountable for management practices and assess their talent management practices' effectiveness and cost efficiency.

## Conclusion

***[SHRM's](#) study highlights that organizations that effectively adopt advanced HR technology tools outperform those that do not.***

The modern HR landscape is undergoing rapid transformation, offering HR teams exciting opportunities for growth. As employee behavior evolves and attrition rates need attention, there is a heightened focus on delivering value efficiently. To overcome these challenges and drive organizational success, HR executives must embrace a proactive mindset, adopt innovative strategies, and foster meaningful employee engagement.

By leveraging workforce analytics platforms, HR leaders gain valuable insights to implement comprehensive measures and empower organizations to make targeted adjustments aligned with their goals and desired outcomes. This approach allows HR teams to continuously enhance their practices and consistently deliver tangible value to the organization.

With these considerations in mind, sa.global's team has developed [Empower+Evergreen](#), a cloud-based solution to streamline and oversee all HR operations within a cohesive and integrated platform.

With over 30 years of experience providing ERP, CRM, HCM, and business solutions as a Microsoft Gold partner, Sa.global's solutions are designed for easy implementation, adoption, and use. Clients can use their deep knowledge and expertise in the professional services industry to create seamless and hassle-free experiences for end users.

While many organizations have already automated basic HR administration, simply automating processes is no longer enough to stay competitive. Organizations need to leverage technology to transform their HR practices and establish a solid brand to gain an edge in the market. In this context, a technology solution that prioritizes simplicity and flexibility can drive significant change.

