Unleash the Power of Workforce Analytics
Data is generated everywhere. It comes from smart phones, social media, home appliances, and manufacturing equipment, just to name a few. Data is created in nearly every aspect of our personal and professional lives. According to IBM, 2.5 quintillion bytes of data are created every day, which means that 90 percent of the data in the world has been made in the last two years alone.¹

Given the massive amounts of data generated every day, savvy organizations recognize the importance of understanding and unleashing its power. But for many of these organizations, not all departments are taking advantage of the power of analytics. According to Deloitte's Human Capital Trends 2014 report, just 14 percent of HR departments are currently using data analytics. That compares to 77 percent of operations departments, 58 percent of sales departments, and 56 percent of marketing departments.²

However, as more organizations begin to rely on human capital management (HCM) technology to better manage their workforces, HR analytics are on the rise. With the help of advanced reporting tools, Human Resources departments have the opportunity to earn their rightful seat at the leadership table and move their companies forward.

This whitepaper will uncover several key areas of opportunity for HR professionals to take advantage of analytics. It will also explore in greater detail the tools proactive organizations are using to unleash the power of analytics.

“HR analytics are actually HR's best-kept secret. After all, if CEOs were aware of what this data can show them - if they could cut through its complexity to access and exploit it in the way they want to - they would be extremely interested in HR analytics as a whole.”

Robert Bolton, KPMG Advisory Board

The Power of Data in HR

Why are workforce analytics so important in the modern business world? According to CedarCrestone’s report, *Going Global with HR Technologies*, global organizations with workforce analytics and workforce planning outperform all other organizations by 30 percent more sales per employee and 81 percent higher net operating income growth.3

Now more than ever, the HR landscape is changing at incredible speed. The emergence of a multi-generational workforce, the rise of telecommuting and remote employment, and increasingly complex legislative issues all contribute to the growing role of Human Resources. Though there are challenges, HR professionals have an unprecedented opportunity to contribute to the overall success of their organization.

There has always been powerful data in HR. Until now, most mid-sized organizations did not have the ability to effectively collect and analyze available data. Thanks to an increase in analytic and reporting tools provided by HCM technology vendors, these organizations are now able to better understand their key workforce data.

Organizations with workforce analytics outperform other organizations by:

- **30% More Sales Per Employee**
- **81% Higher Net Operating Income Growth**

“Applied properly, HR analytics can show connections, correlations and even causality between HR metrics and other business measures – all of which can be used to inform HR strategy and actions. In other words, by creating a clear ‘line of sight’ between HR activity and your organization’s bottom-line profitability, HR analytics can provide a tangible link between your people strategy and your organization’s performance.”

*People Are The Real Numbers, KPMG*

---

Analytics at Work: Understanding Past Turnover vs. Predicting Future Turnover

One of the most common challenges for any organization is managing employee turnover. Thankfully, this challenge is one where workforce analytics can have a significant impact. In an increasingly competitive marketplace, it’s no longer good enough know an organization’s past turnover rate; HR leaders must identify reasons for turnover and provide recommendations to address the issues.

With advanced reporting tools, HR professionals are able to much more accurately predict not only when an employee may leave, but why they choose to leave. They can then use this data to build programs that improve retention by targeting the specific reasons why an employee may leave.

To better forecast employee turnover rates, organizations should be able to accurately identify and measure data for three key employee types:

1. Turnover rate of new hires that leave within the first year. This measurement should include data related to the employees’ job functions, managers, colleagues, and pre-employment information.

2. Turnover rate of low-performing employees. These employees would include those that have received poor performance reviews, consistently missed project deadlines or provided low-quality work, or have had issues with attendance and/or tardiness. This data should then be cross referenced with the employees’ function, manager, training, etc.

3. Turnover rate of high-performing employees. Understanding why top performers leave is crucial. Beyond the financial implication of having to replace these key employees, the impact on productivity and morale can be significant.

“HR needs to move beyond the present and the purely informational into the predictive and insightful. This is the essence of a genuine paradigm shift in the way HR functions create value and how they are beginning to view their role in collecting, connecting and sharing data that will influence decisions about the future direction of the business.”

People Are the Real Numbers, KPMG

---

Closing The Gap: How HCM Tech Can Unleash The Power of Data

It's easy to see the tremendous benefits that result from power of HR data. But for many organizations, gathering, sorting, and analyzing this data is very challenging. According to Deloitte's Global Human Capital Trends 2015 report, 75 percent of surveyed companies believe that using analytics is “important,” but just eight percent believe their organization is “strong” in this area.¹

Thankfully, the advanced reporting capabilities of HCM technology and the growth of cloud storage have enabled organizations to simplify the way they measure their HR data.

75% believe using analytics is important but only 8% believe their organization is strong in this area

Reporting Tools Are More Powerful & Simpler to Use

One of the most significant benefits of utilizing HCM technology for reporting and analytics is that all of an organization’s data is stored in one place. Thanks to cloud storage technology, all key data and information regarding a company’s workforce is accessible any time, any place – as opposed to being fragmented in files and spreadsheets. This allows HR professionals to run reports that include virtually every trackable field in one report.

Another benefit of reporting tools provided by HCM technology is that HR professionals are no longer confined to running reports over limited time frames. For example, with Paylocity’s reporting tools, if a company wants to compare the turnover rate of customer service employees in January of 2016 to January of 2010, or the commissions paid to sales staff in 2012 versus 2015, it's easy to do.

¹ Deloitte | Human Capital Trends 2015 Report
HR Dashboards Tell the Real Story

Collecting and analyzing data can have an incredibly positive impact on the success of an organization. But to take advantage of the data, it must be easy to understand and tell a clear story. That’s where HR dashboards come in.

The Society for Human Resource Management® defines an HR dashboard as a visual display of HR metrics that can be designed and/or used in different ways, but its primary purpose is to publish important HR metrics relatively quickly. It is a good way to gather information from the staff, sort it, analyze it, and repackage it for the consumption of management and the executive teams of organizations.

In the world of an HR professional, the “need it now” information requests from company executives or managers can be stressful. But with HR dashboards, these requests can be immediately addressed with powerful, easy-to-understand data. Dashboards provide real-time data to help managers and HR professionals monitor key metrics and identify trends without having to run reports or click through multiple spreadsheets. Some of the most beneficial features of Paylocity’s HR dashboards include:

1. Simplified way to visualize data for all areas of workforce management in one place – Payroll, HR, Time and Labor, Onboarding, etc., can all be tracked simultaneously.
2. Customization provides the ability to adjust and configure dashboards to illustrate any desired metrics. Custom reports can be exported to different file formats.
3. HR dashboards can be viewed seamlessly from any mobile device, giving HR professionals and business leaders access to vital workforce data from anywhere.
4. Easily manage complex legislative issues like the ACA. Dashboards track eligibility, affordability, and large employer status to reduce manual effort & maintain compliance.

* Society For Human Resource Management | HR Knowledge Center | HR Dashboards
https://www.shrm.org/templatestools/hrqa/pages/whatisanhrdashboard.aspx
HR Dashboards in Action

Binders of archived data and manually intensive Excel spreadsheets don’t offer insightful HR metrics that actually give you an opportunity to improve your business. With Paylocity’s HR insight charts, you can instantly access information such as head count, turnover rates, average tenure, employee status, and more.

Ready to Unleash the Power of Workforce Analytics?

As a payroll or HR professional, you have unique insights into your organization—but what kind of data do you leverage to make more informed, strategic decisions when it comes to your workforce and its impact on the organization?

Deliver the business intelligence you need with Paylocity’s reporting and analytics functionality. With single-database software design, robust reporting capabilities, and sleek HR dashboards, the power of your workforce data can truly be unleashed.

With Paylocity, powerful workforce analytics are just a few clicks away.
About Paylocity

Paylocity is a provider of cloud-based payroll and human capital management, or HCM, software solutions for medium-sized organizations. With comprehensive and easy-to-use solutions, Paylocity enables its clients to manage their workforces more effectively. Paylocity’s solutions help drive strategic human capital decision-making and improve employee engagement by enhancing the Human Resource, Payroll, and Finance capabilities of its clients.

www.paylocity.com