

Workforce Analytics

Forecast wages, control labor cost and
boost productivity



Your guide to better business decisions

 **workforce**.com

Introduction

Data is everywhere, and business leaders have many ways to access workforce metrics. There's a lot of power in labor analytics, and knowing how to use the data available is the key to do it effectively.

However, a LinkedIn [survey](#) showed that 55 percent of surveyed talent professionals said they “still need help putting basic people analytics into practice.”

Data analytics in the workplace is only as powerful as how it is utilized, so where do companies begin? It starts with the organized and clean data, data literacy, and leadership buy-in.

Business leaders need to understand that they can collect a whole array of data, but it's crucial to only analyze those that have a direct impact on the organization's goal and bottom line.

Data literacy — defined as the ability to read, write and communicate data in context — is among the most important abilities for organizations today, according to Gartner research. Some companies may still have a long way to go to maximize the potential of its labor analytics. Hiring a chief data officer or data scientist or outsourcing analytics capability to a vendor can help make sense of the data collected.

The growing importance of data analytics is inevitable. For the unprepared company, this may be intimidating. Getting leadership buy-in and using data analytics strategically to achieve a specific business outcome can help. But once the organization gets a handle on its labor analytics function, it can expect promising business outcomes.

This ebook will discuss how organizations can make the most sense of their data and use it strategically for key workforce management decisions.



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Chapter 1:

Labor analytics and reporting starts with access to the right data

Efficiency and cost savings come from data-driven decisions. However, companies grapple with numerous issues surrounding labor analytics, from tracking the information they need to generating reports to making timely decisions that will actually impact their bottom line.

Here's how organizations can equip their teams to make proactive decisions through data.

"If you don't give managers the tools they need to schedule more effectively, historical costs tend to repeat themselves."

Share analytics with frontline managers

It all begins with access to the right data. A common problem among companies is that they don't have enough information to help them run an efficient operation and save money.

"While most companies know how much labor hours they're scheduling, they face a challenge with comparing that with other vital areas such as budgets, predictable revenue and historical information," said Travis Kohlmeyer, vice president of sales at Workforce.com.

Another issue is providing frontline managers with access to analytics, the very people who are creating the schedules and running operations. It's crucial to provide them the analytical information before the fact or else data can only help after the money has been spent.

Capture data in real time

Leveraging labor analytics has a lot to do with how timely it is acted upon. Most companies face difficulties with capturing data in real time.



“This means managers and team leaders can’t make game-time decisions. If a company has to wait for 30 days to get their labor analytics, it’s basically useless. Yes, you can tell your employees to shape up here and there but not providing the insight to help them in the process tends to be less effective.”

-Travis Kohlmeyer

Managers can better optimize operations when they’re able to see real-time costs and revenue throughout the day. With this insight available, managers can quickly see the peaks and valleys, decide whether to ask more employees to come in or let staff go home and ensure that the operation as a whole is cost-efficient.

Generate and customize reports

Reports out of data analytics provide a big picture view essential for forecasting and making organizational decisions. Sometimes companies fail to do this because generating and customizing reports tend to be a tedious task, automated reports don’t match their needs or they don’t have a mechanism for it at all.

“Every company is different, even those in the same industry,” Kohlmeyer explained. “Typically, most solutions can provide basic cost reports, but you need more than that to better optimize your operation. Having the technology that generates reports specific to key components of your business is harder to come by and where the bottom line is lacking.”

Access to data and being able to get insights from it is vital to any business. For large operations, it can be harder with different areas and variables at play. Whether it’s improving clock punches, addressing understaffing leading to overtime, spotting missing breaks leading to compliance penalties, employers can handle such issues with full access to their data.





Chapter 2:

Labor analytics add power to workforce management tools

Employing labor data analytics typically leads to more informed business decisions.

From labor forecasting to measuring employee morale, data analytics allows for more precise and impactful results.

The advantages of implementing workforce management solutions also are clear. Automating time and pay calculations and empowering employees through mobile apps give managers valuable tools to control scheduling, compensation costs and organizational needs. Using both resources powers the ability to make even stronger choices for workforce management.



Power tools with the power of analytics

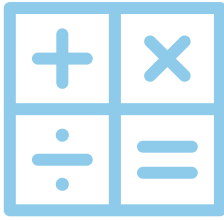
Backing workforce management tools with the power of labor analytics creates a formidable partnership. This can help save money, establish formal business practices and remove the guesswork hindering management and operational issues. Employers can make more informed talent decisions, and:

- ✓ Predict future hiring requirements.
- ✓ Calculate current staffing needs.
- ✓ Analyze compensation and overtime.
- ✓ Optimize employee engagement.



Predict future hiring requirements

The growth of an organization can be hobbled by its ability to find qualified employees. Since there are times when hiring comes in a flurry, recruiting becomes, post the position, make the hire and pray they work out. Oftentimes new hires are not as productive as the existing staff and can cut into the team's productivity. Forecasting labor needs through analytics establishes measured hiring practices provides managers with the ability to carefully balance veteran staff with new hires.



Calculate current staffing needs

Managers can get burned by being overstaffed and understaffed if they rely on traditional shift patterns and gut instinct. Overstaffing creates disillusioned employees with little to do, a lack of focus and a negative attitude toward co-workers. Productivity suffers and compensation costs needlessly soar. Conversely, understaffing leads to employee stress, burnout, poor performance, rattled customers and high turnover. Shift feedback tools help managers forecast their needs and curb chronic overstaffing and understaffing.



Analyze compensation and overtime

Few things catch an employer's eye faster than seeing overtime on the compensation ledger. And like melting snow off a mountaintop, their irritation trickles down to frontline managers. Indeed some overtime can be justified, but there are workforce management solutions to adjust scheduling to seasonal or even hourly rushes that will manage compensation costs and limit unneeded overtime.



Optimize employee engagement

An engaged workforce produces a happy workplace. Balancing staffing needs and incorporating flex schedules builds confidence that management is looking out for their interests. Allowing employees to provide feedback also gives them a voice in organizational operations.

Automation armed with labor analytics and data not only save time, but also takes into account different variables in an operation as well as the needs and preferences of employees, which can be tedious for managers and leaders to track manually. Employing technologies that help do so can yield cost savings, better employee engagement, and a deeper understanding of the business.



Chapter 3:

Using labor data analytics for better talent decisions

According to Mercer's "[2020 Global Talent Trends Study](#)," 39 percent of organizations use predictive analytics to inform their people-related decision making. Thirty-one percent said they use a cause/effect analysis of key workforce and business outcomes, and just 18 percent gather data to assess the impact of different pay strategies on performance. Meanwhile, 61 percent of executives who have used talent analytics said that doing so to inform decision-making is the number one HR trend that has delivered an impact.



Using labor data analytics to measure employee impact

People analytics can inform complex predictive models, but it can also help organizations understand how certain decisions have impacted employees.

One prime example of this is pay equity, according to Tauseef Rahman, partner in Mercer's San Francisco office. Labor analytics can be used to understand if there are pay gaps at an individual or group level, after taking into account factors like where employees live, what work they do and how long they've been working at the company.

Analytics can also help organizations understand performance measurements better, Rahman said. Based on performance ratings and rewards like promotions or raises, are those performance ratings biased toward a specific subset of employees?

Doing this analysis at a companywide level is a good place to start, Rahman said. From there, leaders can see if there's a company wide gap. There may not be a pay gap within the organization as a whole, for example, but through analytics, one can drill down and see if there are gaps in a specific business unit or a specific team.

"That data can certainly help shine a light on where those patterns are and then that will help redirect efforts and resources to areas that need the most help,"



Using data analytics predictively

Remote work has become more commonplace for many organizations during the COVID-19 pandemic, and experts expect remote work to continue to be more widely accepted afterward as well. Rahman said that analytics can help organizations interested in adapting an increasingly remote workforce.

As organizations consider a more geographically distributed talent pool, many questions arise, like: If we hire people from across the country, how does that change how we do talent acquisition? How does that change how we pay people? And how do we manage the employee experience across different locations? Data can help answer questions and inform decisions like this.



Acknowledge the inherent flaws of data collection

No set of data can be completely unbiased, but what organizations can do to address this fact is simple, Rahman said. The key here is to clearly acknowledge that there's bias in how data is created.

People who use data to inform decisions or strategy can acknowledge this bias by considering a few questions when they plan on using a dataset to do or plan something. These questions include: How was the gathering of this data framed? Was anything missing? Was answering these questions optional or required for survey takers? Were survey creators biased to presume certain outcomes?

For example, in recruiting, Rahman has seen the presumption that no one over the age of 65 would be interested in applying to a tech position. The reasoning behind this may be laziness or mental shortcuts rather than malice or age discrimination, but it's flawed reasoning no matter the intention. "Things that are done in the spirit of making it easy can result in unintended consequences," Rahman said.



Cross functional teams are critical

According to Mercer's "2020 Global Talent Trends Study," the "quality and reliability of data are critical." Cross functional teams are critical for organizations interested in using data the right way, Rahman said.

The team shouldn't only include analysts and statisticians but also people with HR expertise, legal expertise and an ethical understanding of data collection. What data does an organization have access to, and how can it collect it in a way that's not creepy?

"You can configure technology to do whatever you want. If you do something wrong, you can't blame the technology. You blame the people who configured it," Rahman said.

Managing privacy concerns is an important part of these teams. There are interesting ethical questions that come up with the possibility of using labor analytics predictively. For example, Rahman said, what are the ethics of having a model that predicts how likely an employee is to quit? If they haven't actually quit, what decisions can you ethically make with that prediction?

Having someone with policy expertise is also beneficial for a cross functional team. For example, if an employee has a 90 percent chance of quitting according to an analytics model, a policy expert could consider what could be driving the employee's dissatisfaction and what workplace policy could help them be more engaged. Maybe it's something related to compensation or work-life balance that can be addressed.

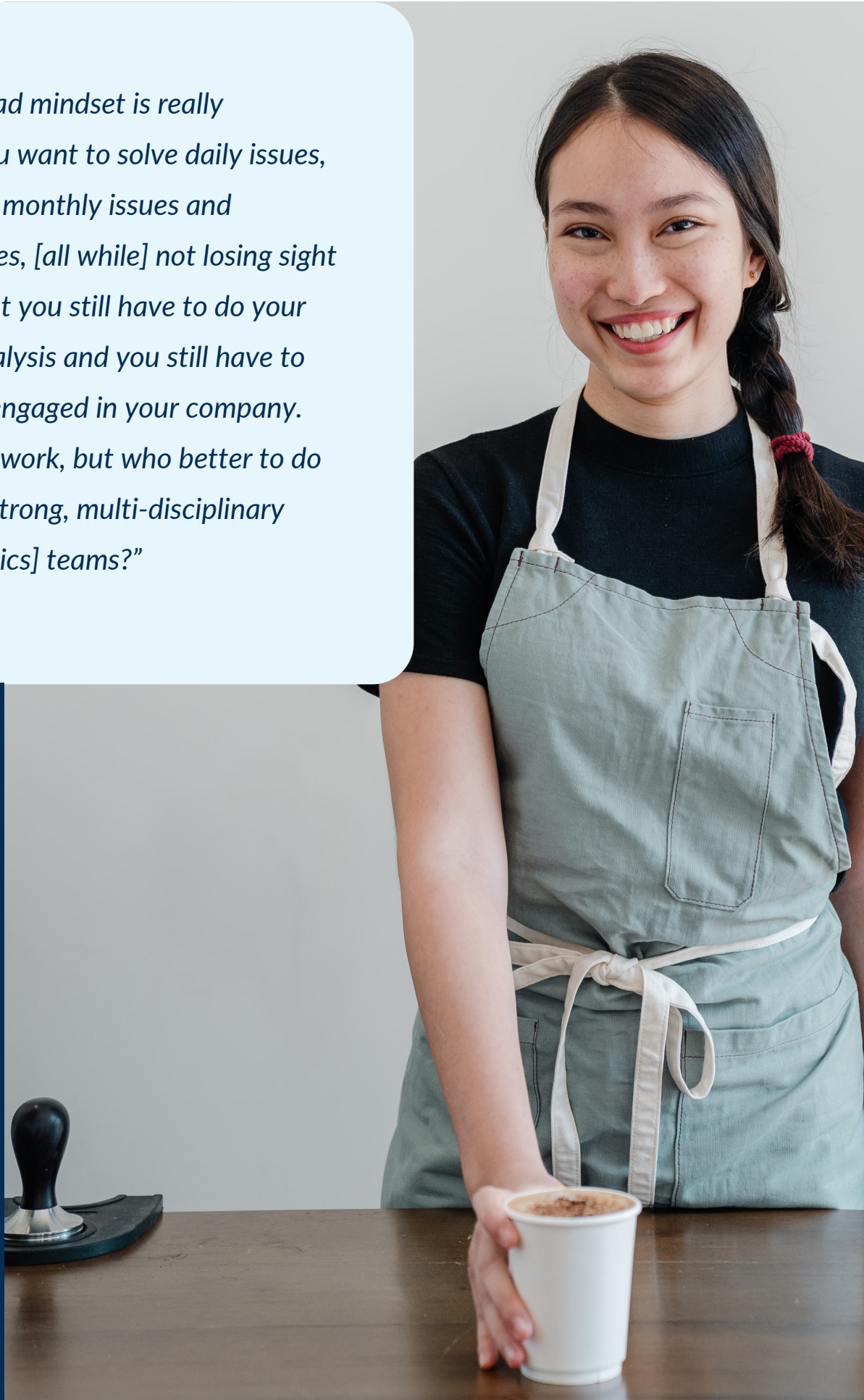
Businesses go through times of uncertainty for many reasons, from global crises to national recessions and more. Times like this highlight the role of labor data analytics to make the employee experience better, at a time when many employees may be going through financial or personal struggles.

Still, while focusing on improving the employee experience, organizations cannot lose sight of broader, also important areas of business that analytics can inform, Rahman said. These bigger picture topics include pay equity and diversity.



“Having a broad mindset is really important. You want to solve daily issues, weekly issues, monthly issues and multiyear issues, [all while] not losing sight of the fact that you still have to do your pay equity analysis and you still have to make people engaged in your company. It’s a lot more work, but who better to do it than these strong, multi-disciplinary [people analytics] teams?”

-Travis Kohlmeyer





Chapter 4:

The value of labor analytics to the CHRO and making better talent decisions

Executives are finally recognizing that the ability to hire, retain and mobilize top talent is the key to their business success. And they are turning to their CHROs for advice, guidance and data to chart their course forward.

“HR leaders who adopt AI tools for recruiting, engagement and reorganization are reaping the benefits of these trends,” said Ben Eubanks, principal for Lighthouse Research in Huntsville, Alabama, and author of “Artificial Intelligence for HR.” “They can absolutely gain credibility and add value for the CEO and every business unit.”

But to become that indispensable business advisor, CHROs have to know how to capture and analyze people analytics, then link those insights to business decisions. And not all of them are ready to deliver.





Historically, human resources has not had a lot of experience in using data and analytics in decision-making, said Dan Staley, global HR technology leader for PwC US. “Finance has always been viewed as more data-driven, but HR has to realize that it is sitting on a treasure trove of data,” he said. Companies constantly capture information about hiring, demographics, salaries, performance, turnover, diversity and other stats that offer powerful insights into the behavior and ability of the workforce, he said. The trick is figuring out how to access that data and ask the right questions to uncover actionable results.



Staley encouraged HR leaders to start by talking to the CEO and business unit leaders about what business obstacles they face and how they can use human capital data to overcome them. Then look at what internal and external datasets you already have access to and what questions it can answer, Eubanks said. For example, combining internal salary data with industry benchmark reports can allow a company to determine whether it is offering competitive compensation packages and where they can afford to make more targeted offers to high-demand candidates. “It’s no longer just your opinion,” Eubanks said. “The data can justify the decision.”

And when HR leaders have data-driven results, they need to communicate in business terms that are relevant to board members. “Don’t just report on reductions in turnover or absenteeism or time-to-hire,” Staley said. “Talk about the impact those metrics have on the business.”

CHROs who embrace human capital analytics and who can communicate the value of linking that data to business strategy can become indispensable to their C-suite.

“HR leaders have the most influence when it comes to workforce decisions,” said Michael Moon, people analytics leader for ADP in North Attleborough, Massachusetts. They already have experience with hiring and performance management. By integrating data into these decisions, it replaces gut instinct with evidence based decision-making, and makes it possible to pinpoint what is happening with the workforce and why, she said. “Once analytics are part of the way things are done, it becomes easy to measure the impact on ROI.”



Chapter 5:

Assemble effective workforce management reports

A lot of organizations are putting a good deal of money into HR technology systems, said Matt Stevenson, partner and leader of Mercer's Workforce Strategy and Analytics practice. The first wave replicated paper-based systems and transformed them for online use, he said.

The latest iteration of workforce management systems allows organizations almost an infinite amount of reporting.

"We have a lot of people asking us, 'There's too much here for us to really figure out. Can you tell us what we should and shouldn't be reporting?' " Stevenson said.

He added that people in various departments look for different information in their workforce management reports. Operations professionals may focus on questions like, "How can this process be more efficient?" while those in the finance department may ask, "What's the cheapest way to do this task?" And workforce management professionals focus on a different set of questions.

Stevenson had other thoughts about what workforce management professionals should be focusing on with reporting.

Identify the problem

"Our finding is that it's harder to come up with the questions than it is to draw answers from the system," Stevenson said. "What's also problematic is if you interrogate the data enough, it will eventually tell you what you want to hear. Which means if you [dig deeply enough] into a data set, you can find a data point that will confirm your hypothesis, even if it's just not right. So that makes it a little bit hazardous."





For those approaching these expansive workforce management reporting systems, what's important to remember is to know exactly what question they're trying to answer or what problem they're trying to solve, he added. Don't approach this with intellectual queries that have no clear connection to solving a specific problem.

Follow the trends

While these HR systems and tools are good for reporting, another important use for them is a trends analysis of what has changed over the years, Stevenson said. From there, users can go about exploring what caused the trends or changes.



For example, organizations could create workforce management reports to assess what mix of employees in each store gets the most profits. One way to do this would be to look at the most profitable store and copy their mix, but that would ultimately miss the point.

A deeper trends analysis could help them explore questions like, "When this store/location added another employee, did it lead to more sales over time?" Looking across different store locations over a period of time this way, the person doing this analysis may realize that the staff mix or adding more staff might not be a significant factor for profitability at all.

It could be something more straightforward, like the highest-performing store does the best because of its location, Stevenson said. "A jewelry store and rich neighborhood will sell more than the jewelry store in the middle of a field."

He said the tougher question is, does it matter on how many people you have? Or is it something else? The answer depends on factors like the store's business model and what it sells. Flexible HR systems allow users to answer these more complicated questions, and a skilled user can create their own reporting process in the tool to answer their own unique questions.

A good, flexible reporting system will allow users to discover the right question for their own unique needs, Stevenson said.



Find the right questions

To find the right questions, users can hire experts or talk to stakeholders of the organization, Stevenson said.

But that on its own may not be the most efficient strategy.

“To be honest, most [users] just find themselves reacting to the data,” he said. They find themselves in a reactive cycle rather than a proactive cycle, and it’s hard to get out of that.



That’s the complicated part of these HR systems, Stevenson said. Users have all this extra data and the system can help with administrative tasks, but there’s so much data that reporting can become complicated. “There’s too much to report, and you have to put in that extra effort to figure out what the right things are to report. And that’s not always straightforward,” he added.

Feature the right sections on your workforce management reports

The categories to feature on an organization’s report depends on their industry, Stevenson said. For manufacturing, it may be all about having the right number of people to operate the machines. In hospitality, what’s more important is having employees with specific skills to perform certain tasks.

For most industries the “workforce planning” and “compensation” categories are important, he added.

Organizations also are wanting to report on its diversity, equity and inclusion numbers.

Ideally, there’d also be some data regarding productivity, even though that may be tough unless a company has a measurement to rely on that signifies productivity, he said.

“It is my personal opinion that these systems will reach their full maturity when they’re more integrated with the other parts of the business, like financial systems and operational systems,” Stevenson said. “Because then you can compare the people with the financials and compare the people data with the operational data.”





Stevenson said that it wasn't that long ago that these HR tasks were done on paper, and now we're at the point where some people are complaining about the fact that their electronic records don't match up to those in another HR system.

He believes that at this future level of maturity, HR systems will be able to help answer people's questions about what the right questions are and what's the right data to collect.

"I think we're pretty far away [from maturity]. but just because you're far away doesn't mean you won't get there fast," Stevenson said.





Conclusion: Workforce analytics for better business decisions



Having the right technology can address pain points that come with labor analytics, reporting, and using data for identifying and bridging gaps.

“One of the key advantages of the Workforce.com platform is its ability to give customers accurate labor expenses real time. With the real-time alerts and advanced reporting, customers gain insights into their labor expenses and proactively plan ahead in the moment and in the longer term,” said Leon Pearce, lead software engineer at Workforce.com.

Being able to interpret labor expenses is helpful, but when you’re able to do so in real time, it’s a game changer. With live insights, Workforce.com analyzes and interprets labor data even when staff are still on their shift. “It empowers managers to make strong decisions on the fly, think like a business owner and keep staff levels optimal for demand,” Pearce said.

Labor analytics is also crucial to anticipating demand and staying on top of a budget. Workforce.com gives a strong projection in that regard, allowing companies to add in their actual labor budget in dollars.



“This means that the platform can project the real projected expenses of your schedule based on actual labor interpretation, giving you confidence that your labor expenses will be aligned with your budget,” Pearce said.

Scheduling validations can be configured into the platform to help managers avoid building schedules that can incur potential unnecessary labor expenses such as overtime and missed breaks.

Access to data and being able to get insights from it is vital to any business. For large operations, it can be harder with different areas and variables at play. Whether it’s improving clock punches, addressing understaffing leading to overtime, spotting missing breaks leading to compliance penalties, employers can handle such issues with full access to their data.

“Workforce.com’s advanced reporting gives businesses access to all of their data and provides an easy to use tool for creating reports using exactly the information they need to make strong proactive decisions,” Pearce said.

Data only becomes powerful when it is interpreted in such a way that aids in better decisions and cost savings. Workforce.com is built to do precisely that. Discover how Workforce.com is making it easy for organizations to understand their data and use it to improve their workforce management. [Book a demo](#) or [sign-up for a free trial](#) to see our platform in action.



