5 MUST-HAVE METRICS TO CREATE AN HR VALUE CENTER: MEASURING YOUR WAY TO HR STARDOM
WHY MEASURE

Today’s brightest HR teams are using metrics to keep employees and departments aligned with business goals. How? Metrics and dashboards shine a light on a company’s successes and challenges. It’s easy to feel like HR’s work is “unmeasurable” and completed in soft areas that don’t lend themselves to metrics, but you might be surprised at the detailed picture you can draw through human data. Let’s look at some examples:

• If your business is growing, think about time-to-hire measures. The shorter the time-to-hire, the faster the new employee will be contributing to his or her new function, which translates to increased productivity and departmental performance.

• Or perhaps your business is established, but you’re facing other challenges. Metrics on employee engagement and development can help pinpoint problem areas around productivity and retention.

• How diverse is your workforce? It’s easy to track ethnicity, race, and gender, but you can also dig deeper to see things like how many military professionals you’ve hired and how many women have been promoted to management.

• Happiness counts, too. Even a few years ago, employee satisfaction wasn’t considered a priority. Lately companies have realized the enormous impact of morale and its effect on productivity. Consider pulse surveys to measure this critical statistic.

WHAT TO MEASURE

When it comes to HR metrics, one size does not fit all. Think strategically (and creatively!) about the data you need, and then choose metrics that support your organizational goals. But don’t overdo it; start off small, with just a few key measurements to get you going.

HERE ARE OUR 5 KEY AREAS FOR HR MEASUREMENT
SPECIFIC METRICS TO CONSIDER: Time to hire, most productive recruitment channels, % vacant posts, # of years service by department, attrition rates, reason for attrition, absenteeism, reason for ongoing absenteeism, succession planning.

THE MEAT OF THE METRICS: A fully resourced team, of course, is far more effective than one where there are skill gaps or resource shortages. But how much more effective? And just how much are those attrition rates costing your company? These—and scores of other metrics—aren’t always obvious to a business until peripheral costs skyrocket.

The evolution of an employee—from recruitment and onboarding to engagement and succession planning—is key to minimizing costs and maximizing engagement. After all, happily engaged employees generally stick around, and higher retention mushrooms with downstream effects—like increased productivity, time saved in recruiting, and lower onboarding costs. So how do you track these things?

No problem. A good HCM solution should help you:

- Identify your best recruiting channels
- Cultivate future leaders via succession planning functionality
- Manage attendance to identify and improve problem areas
- Automate employee time and attendance
- Track and monitor absence, leave, and vacation
- Enforce rules consistently to control costs and improve productivity
SPECIFIC METRICS TO CONSIDER: % achievement of targets, profit per full-time-equivalent (FTE), human capital return on investment, employee productivity index, performance differential rate, unscheduled absence rate.

THE MEAT OF THE METRICS: A motivated workforce is a happy workforce, and a happy workforce is productive and powerful. But how can you tell—how can you really be sure—your teams are motivated to achieve? Unless you run some numbers, you'll never know.

At one time, performance was measured in a single yearly review. But smart companies today engage in continual feedback, including goal setting sessions, regular reviews, pulse surveys, and ad hoc feedback via social tools like Salesforce Chatter. These things help you motivate employees, track performance, and develop your talent. And such personal and anecdotal evidence coupled with objective, data-driven metrics gives you an incredibly accurate picture of employee productivity and achievement. Try it!

Today's smart HCM solutions help you align employee objectives with departmental and organizational goals; only then can you accurately evaluate employee performance. Bottom line? Your workforce will be more motivated with clear goals, additional support and a visible career path.

Measuring productivity and goals with an HCM solution should help you:

- Use a systematic approach to performance management
- Create a 360° feedback loop for a balanced evaluation
- Empower employees to define their career goals
- Keep employees aligned with the company's vision and goals
SPECIFIC METRICS TO CONSIDER: Attrition rates, reason for attrition, compensation level, % achievement of development goals, time and attendance management, learning and development opportunities.

THE MEAT OF THE METRICS: HR departments have had a tough time measuring engagement in the past. It's not like you can send an “Are you engaged?” card with check boxes for yes or no... There are scores of factors that contribute to employee engagement—like corporate culture, team personalities, management styles, and priorities outside of work—and the pertinent factors are different for each employee. This complexity is what makes it so challenging to measure and understand engagement in an actionable way.

Historically, we’ve measured engagement via surveys, where employees are asked in various ways to rate their own level of engagement. Assuming these survey responses are honest, this approach offers solid input into employee attitudes—but they don’t necessarily produce objective data on employee engagement. (After all, you have to wonder whether they’re telling you what they think you want to hear vs. what they really think, right?)

Fortunately, today’s HCM solutions are using people analytics to give organizations better tools to understand what drives engagement. For example, you might begin by analyzing:

- Amount of work outside of normal working hours
- % participation in ad-hoc meetings and initiatives
- Hours per week spent in meetings
- Time spent in one-on-ones with their manager per week
- Time spent in presence of senior leadership
- The percent of a manager’s time spent with team
- The ratio of highly engaged employees vs. low on a current team
SPECIFIC METRICS TO CONSIDER: Cost per full-time-equivalent (FTE), average remuneration, % of employees satisfied with their compensation, % of employees paid above the average salary for their position, % of high performers who resign for compensation-related reasons.

THE MEAT OF THE METRICS: It’s ironic that employee compensation—one of the largest expenses in any organization—is among the least analyzed. While things like compensation scorecards and transparent data have improved the situation, compensation often goes unanalyzed beyond the most basic numbers. The secretive nature of salary and bonus information also leads to problems: failing to differentiate pay for performance, over and/or underpaying relative to the market, and compensation spends that grow faster than revenue.

Written or unwritten, an organization’s compensation strategy must jive with its overall business strategy. The employee must feel valued, supported, and rewarded, and in return the company must feel that it gets a fair deal. Analyzing your company’s compensation metrics can help you head-off problems before they occur.

In terms of compensation, your HCM solution should:

- Track impact of compensation on performance and retention
- Detect and prevent compensation problems
- Make compensation decisions and actions more transparent
- Improve the quality of compensation decisions
- Configure and administer benefits enrollment
SPECIFIC METRICS TO CONSIDER: Benefits cost per employee, healthcare cost per employee, % utilization per benefit, benefits satisfaction rating, benefits as a % of salary, benefit revenue ratio.

THE MEAT OF THE METRICS: As with the other metrics mentioned, benefits metrics must align with your overall company objectives. Does your organization support a work-life balance? Maybe exercise and holistic health are top priorities? Or what about retaining key employees for the long haul? Choose your benefits based on those values; then measure their usage to make sure they’re in lockstep.

It’s no secret that benefits are a major driver of employee motivation and morale. So use those metrics to help determine which benefits are popular and which are underutilized. Once you identify which services aren’t being used, you can investigate whether a particular service is worth keeping (with more promotion), or if it’s just not adding value as part of the package. After all, an unused benefits program is a colossal waste of money. Yes, you want to measure those benefits to prove value... But the real win is the less tangible boost in employee satisfaction.

Measuring benefits with an HCM solution helps you:

- Administer and manage complex employee benefits programs
- Define and track the various plans for dental, life, health, retirement, and flex
- Report on your programs to track effectiveness and ensure usage
- Update benefits data when employees are onboarded or terminated
- Send automate updates to dependents or beneficiaries
JOIN THE DATA PARTY

Make HR count—starting now. A few metrics can go a long way to unlocking the hidden value in your human data. But keep in mind that this is just a small sample of the metrics you can use to gauge your Human Resources. There are hundreds more waiting to be discovered. Just think critically about your organization’s unique needs and how you can measure them. The key is to collect accurate data and store it in a proper HCM system with a 360° view of your HR activities. And most importantly: be sure to use metrics that are aligned with your overall business, financial, and strategic goals.
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