

HR – THE ORGANIZATION’S METRICS EXPERT

In recent years there has been a lot of talk about HR and metrics.

In promoting their HR Metrics Service (see: <http://www.hrmetricsservice.org>), the BC HR Management Association (HRMA -- and their partners, the HR Professionals Associations of Ontario, Alberta, Saskatchewan and Manitoba) state that: *“Using data to prove the effectiveness, efficiency and overall contribution of your HR function are the best way to increase your relevance to your organization.”* HRMA claims 100+ organizations that measure in the areas of: *“productivity, HR efficiency, compensation, labour relations, recruitment, retention, learning and development, and workforce demographics”*.

“56% of top-performing firms provide self-service analytics to employees.”

Aberdeen Research (Big Data for Sales: Are We Ready? March 2014)

The difficulty encountered by many, many organizations is that they believe that they do not have the necessary tools available to gather the data - data that has to be reliable, consistently so. Manual data collection is possible, but it seems costly (and in today’s resource limited world it may be almost impossible to free up a body, or two, to do it). The solution of course is an adequate human resource system, preferably one that is integrated with payroll and time management.

NOTE: One, often unspoken concern, is whether HR staff, individually or collectively, are able to understand statistics and are competent in the creation of meaningful metrics. In many organizations there is a finance analyst who performs this function. In a few there may be a Business Intelligence Analyst. Or HR can do it themselves (it really isn’t that hard). Regardless, someone somewhere should be able to create meaningful metrics.

With or without a HRMS your organization can collect data and perform internal analysis to produce comparable internal data that can be analysed to produce metrics.

Of course, to provide information about best practices those metrics need to be standardized as well, so as to avoid comparing apples and fire trucks. Thus the argument for HRMA’s service, or one of the commercially available alternatives.

HRMA’s service is limited to Canada. If you are looking at compensation or some other issues that may be fine, but if your organization operates in the USA, or elsewhere, you may want to explore other services. The mix of organizations/industries represented by any one service *may* be relevant, but if you are focusing on HR it is likely that most metrics will be relevant.

HRMA collects data every 90 days. It defines a minimum of 20 data points, with an option to provide 140 data points – the more data you provide the more thorough the metrics that you can get back. The keys are: **standardization** – you must collect the data the way you are told to do so according to their definitions in the Standards and Glossary, **accuracy**, and **reliable regularity**. (For the HRMA list take a look at: <http://www.hrmetricsservice.org/requirements/>).

ANOTHER NOTE: If you decide to use a different Metrics/Best Practices provider you will almost certainly have to modify the data standards. This means that if you want reliable comparable metrics over time you have to stay with the same provider, so before you start down this road, choose wisely!

Consider something that we have all been asked for; “total headcount”. WHAT does that mean? All active FT employees? Include PT employees? Add in workers who are not employees – contractors, consultants,? What about those on short-term leave? Long-term leave? If you are conducting all of your analysis internally then the answers can be whatever you desire. But if you intend to conduct comparisons outside of the organization, with an organization down the road, or through a Metrics/Best Practice service, then you need to adopt **their** definitions.

The Rest of The Story

If better performance within HR isn't enough of an argument for HR to understand all there is about metrics, then consider that HR needs to know about metrics because metrics should be the basis for much of an organization's perspective on all worker performance. Many HR metrics can be applied organization-wide. “Turnover”, for example, can be collected by HR by organization unit (and there isn't just one turnover rate, but at least seven).

IF we can agree that a key focus of HR's responsibilities is to advise management on how to best manage people, then it follows that the methods, tools and practice of assessing worker performance is part of HR's job, at least insofar as much as it advises management on the design of work. That is why we establish, maintain and monitor performance appraisal systems. So HR should be actively concerned with where metrics fit in in the rest of the organization, and how they are applied to workers and work?

So let's look at a specific example of metrics that would not normally be part of the HR mix, “sales”. Aberdeen Research ([Big Data for Sales: Are We Ready?](#) March 2014) reports that “*more accurate sales forecasting is directly associated with better business results, such as higher quota attainment by teams and individuals, annualized growth in revenue, and average deal size.*” And other departments are effected in turn: “*supply chain, logistics, customer service, human resources, etc. are better able to deliver just-in-time services when they know precisely how much business they will be supporting immediately following the close of the selling period*”.

In other words, the organization as a whole benefits from the adoption of best practices surrounding sales analytics, numbers that are derived from individual sales workers. And the use of these analytics have to be integrated into the sales culture, or put another way, into each worker's job requirements. The same arguments can be made in most other organization functions.

The conclusion? Aberdeen: “*Leading companies adopt strategies and capabilities that take the gut feeling and emotion out of sales performance analysis*”. THAT sounds like something that HR should strongly support and actively work to achieve.

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