SIX (AVOIDABLE) BLIND SPOTS THAT CRIPPLE TALENT MANAGEMENT ANALYTICS INITIATIVES

Virtually all companies are having to realign the nature of their businesses in the wake of the mega business trend VUCA (Volatility, Uncertainty, Complexity, and Ambiguity). At the same time, senior leaders are struggling with decision making fed by an intensifying volume of data. As a result, executives are looking more closely at the strategic and differentiating value of data, and viewing talent management as an underleveraged source of business-critical insight. For senior executives to drive talent decisions in a VUCA context—and be successful—talent management leaders need to improve their adeptness at rapidly making sense of and extracting value from their data, and credibly communicating the insights gleaned to senior executives.

One way for talent management leaders to gain clarity and influence is through deploying Talent Management Analytics (TMA) as an overarching response to business trends. TMA lies at the intersection of human capital and analysis expertise, and identifies and exploits data trends that can be parlayed into better decision making. In comparison to established forms of analytics focused on broad and transactional HR data sources, well-executed TMA requires shifting the thinking and operations of most HR, talent, and senior leaders.

TMA approaches can connect talent readiness with strategic needs, thereby accelerating corrective and forward-facing initiatives. Yet, while high-caliber TMA can mitigate VUCA’s negative consequences, poorly-executed analyses can also make things worse by clouding the picture with misguided and uninterpretable data. A recent Gartner survey highlights the evolving nature of data challenges, the top two of which were: “Determining how to get value from Big Data” and “Defining our [Big Data] strategy.” Gathering data is no longer an issue; many companies are now struggling to make sense of it, and to convert it into value and convincing insight—a difficult goal without consideration of key risk factors. These blind spots are extremely common when deploying TMA, yet easily avoidable to ensure the effectiveness, credibility, and ultimately, the business impact of TMA efforts.

BLIND SPOT #1 – UNDERVALUING STRATEGY-WORTHY FORESIGHT

CEOs are looking for insight about how talent contributes to business growth. This means that CEOs want forward-thinking TMA to assist decision-making to drive
strategy, mitigate risk, grow assets, and plan for market shifts. They are no longer interested in more reflective approaches focused on past absenteeism, turnover, or rates. Instead, they are looking for analytics that:
1) work backward from strategy-level business questions; and 2) are oriented toward forward-looking, prescriptive analyses that project the talent readiness levels necessary to match business needs.

Better business questions include how to link strategy, market shifts, and revenue growth to bench strength, avoid gaps in the future leadership pipeline, and pinpoint targets for the WHEREs, HOWs, and HOW MANYs of talent management practices (including leadership assessment and development). Foresight analyses, also called “what-if scenarios” or “optimization,” extrapolate both talent readiness and business needs, to ensure both types of data intersect. For example: What nature and scale of talent programs are needed, over what timeframe, to produce a 35 percent increase in leaders with demonstrated readiness to drive global growth? Combining these approaches allows TMA to inform CEOs not only if their senior leaders, for example, are strategic, innovative, and adaptable today, but also if they will have the right leaders ready soon enough to meet the strategy, innovation, and change requirements over the next three years. If a gap is found, TMA will illuminate how to close it.

**BLIND SPOT #2—RELYING ON NARROW, CONVENIENT METRICS**

The corollary to “Failure to Generate Strategy-Worthy Foresight” is that focusing on typical HR metrics fail to optimize talent-related decision making. Big Data and technology analytic dashboards often measure the same HR metrics tracked in the past (for entirely different purposes), which now have larger data sets and are called “talent analytics.” However, using technology dashboards to track copious, HR-focused data misses the larger opportunity to connect talent management expertise to the larger business strategy—for greater impact. The implication is that HR Big Data provides insight into cost-effectiveness, for example, and only leads to suboptimal talent decisions.

In order to achieve insight that ties talent to strategy, Talent Management Analytics require a paradigm shift from traditional and easily available HR metrics to metrics focused on Talent Management. Metrics stemming from talent management expertise include leadership readiness on business drivers, depth of leadership pipeline skill tied to strategy needs, inflow of high-caliber talent via external hiring efforts, and development levers that speed readiness.

Leveraging talent management analytics tied to strategy enables senior executives and their HR partners to make decisions about the quality of talent supply versus demand, develop talent so as not to be outstripped by business demands, and mitigate risk of leadership talent gaps for business continuity. A focus on the right data, rather than just the data at hand, is critical to avoiding a narrowly targeted TMA approach.

**BLIND SPOT #3—NEGLECTING THE FOURTH BIG DATA V: VERACITY**

In the traditional definition of Big Data, “Big” is defined by what are typically called the “Three Vs”: Velocity, or the speed with which the data to be processed is generated; Variety, or the differing sources and types of data, often including both structured and unstructured elements; and Volume, or the sheer amount of data entering the analytic system.
While these factors remain relevant for Talent Management Analytics, a fourth V, Veracity, is increasingly critical. Evaluating data on size and scope alone is not enough. Data must not only be sufficiently large-scale to illustrate a consistent trend, but also viewed by stakeholders as a reasonably true and meaningful metric of talent. The stakes of talent analytics are high, and introducing low-veracity data points into the analyses inevitably proves counterproductive. Low-veracity data falls into two categories: First, data that exists at an employee or group level but that cannot be logically associated with talent behaviors, and second, data that requires additional cleaning steps before they can be used (e.g., sales revenue figures, which often need to be controlled for sales region, and variation in product pricing, as well as turnover, which can be difficult and even misleading when interpreted.

When Big Data is used to answer important questions and eventually, to drive decisions, they become Analytics. Yet, data without Veracity can’t be counted on to provide answers reliably and credibly; low-veracity data answers questions incorrectly or not at all. Before proceeding with any form of analytics, test that your data is not only sufficiently large-scale, but that it also meets this fourth qualification.

**BLIND SPOT #4—ANALYZING BEFORE DEFINING A DATA STRUCTURE**

Data without an organizational structure to guide it, or a pre-established analytic plan to understand it, will be at best underleveraged and at worst, useless in addressing key business questions. We believe that a well-crafted organizational structure for talent management data is essential to understand which insights are possible now, and which will first require remedying information gaps. This structure begins with asking the questions first, before any data mining occurs. Like an outline for any written piece of work, these early questions also guide the story that can be told (and can’t be told) depending on the quality, context, and timeliness of the data. A data structure, or “schema,” also reduces the complexity of exploring, interpreting, and drawing conclusions from the information available.

Talent Management Analytics, while historically limited to just one HR function, has expanded to encompass data that parallel the employee lifecycle—from hiring, to development for individual contributors or leaders, to succession management. This trend suggests that data structures need to expand similarly, to go beyond a single function or single application, so that the analytic model can anticipate future needs.

Data schemas help to see the value of data in a broader context—not just what you have, but what you could and should have to tell a broader story. After an initial screening on data quality, applying an organizational structure to the data should be the next step.

**BLIND SPOT #5—ATTEMPTING TO AUTOMATE INSIGHT FULLY**

The bar by which a data-driven finding is judged an “insight” is constantly being raised. By definition, an insight requires that a piece of information is new, or at a minimum, positioned in a previously unseen way. Credible insight is also rarely observable from a raw-data point; some degree of interpretation is needed to pair the data with the context surrounding it, the timing to convey it, and the right stakeholder to receive it.
Context is particularly essential for interpreting a data source. This context can be historical and demonstrate how a particular metric has changed over time. Context can also be relationships between other data, whether they shift up or down together, which indicate possible predictive, causal links. Context can also be obtained via benchmarking, by making comparisons with internal or external data sources looking at similar metrics; even simple evaluations of data require comparison points to know whether an observed result is “good enough.”

Data in isolation is clearly not without value, particularly when paired with rigorous approaches for analyzing and interpreting the data, and aligning it with key business questions. On the other hand, data with context and connectivity will drive well-crafted interpretations and can dramatically expand the range of implications and recommendations that can be produced as a result of Talent Management Analytics. Bolstering data with context is critical for converting an individual data point (“what” is occurring) to an understanding of “how” and “why,” an early indicator of “what’s next and when,” and a prescriptive guide for “what now.”

Because of these factors, full automation of insight is rarely possible (although providers of real-time human capital dashboards would like you to think otherwise). Dashboards of human capital data may be a step in the right direction for making data-based decisions, but they don’t connect the dots and tell a story with insight or add up to influence, much less help leaders prioritize actions and decisions they need to make.

Too often, because many Talent Management Analytics efforts have inherited various existing HR data sources, this abundance is interpreted as sufficiency. Focusing on the additional context needed to make sense and use of existing data points, and working to complete the picture accordingly, are keys to avoiding the perils of this common trap, and to shift toward more prescriptive analytics applications for your business environment, strategy, and talent gaps.

**BLIND SPOT #6—FAILING TO PAIR DATA WITH EXECUTION COACHING**

Most managers use data that makes their case regarding talent resources and movement. The problem many leaders will face with Talent Management Analytic data is that it often requires more context-setting, dot-connecting, and storytelling than most leaders are prepared and equipped to do, for their bosses or their direct reports. Many leaders can logically report out talent data, but can they tell a story to senior executives or their own team about the state of their leadership bench and how it will be impacted by the current strategy? Will they be able to explain how they need to adapt the talent they have if the strategy changes significantly? Will they be able to rely on HR partners to help them prioritize and take action? Leaders will increasingly need skills around how to understand, apply, and use Talent Management Analytics as executors of the CEO strategy in the future.

Most executives do not feel they are receiving data in a format that allows them to harness its business value. Eighty-five percent of senior leaders in the 2012 Avanade study, “Global Survey: Is Big Data Producing Big Returns,” continued to face major obstacles in managing and analyzing data; in an earlier study, Avanade found that 46 percent of executives were overwhelmed by the data currently available to them at the time. This issue will continue to create major
difficulties for those presenting—and consuming—data-driven insights, unless talent leaders’ skills in positioning this information keep pace.

Unused insights mean that the status quo prevails, and no change occurs. This not only squanders the potential value of the data gathered and analyses conducted to support the insight, it can also poison the well for future Talent Management Analytics, making it that much harder to secure commitment to data-driven recommendations.

**IMPLICATIONS FOR THE TALENT MANAGEMENT LEADER**

While sidestepping and proactively avoiding these blind spots, what role can the Talent Management leader achieve when successfully harnessing the potential of TMA to align talent and business strategies? Recent DDI research spanning nearly 1,500 organizations indicates that a Talent Management leader who successfully deploys analytical methods is much more likely to have strong connection to strategic planning—up to 16 times more likely than one who neglects analytics. Although the impact of TMA is clear, the deficiencies here are just as severe: Across a range of seven analytical approaches ranging from basic efficiency metrics-gathering to predictive modeling to project future talent needs, 47 percent of the companies we investigated did none of these forms of analytics well, and only 5 percent did all forms well.

Ultimately, the future-focused Talent Management leader who navigates the risks and unlocks the full potential of TMA will produce insights critical to the C-suite and for driving the business. Though the risks are many, the payoffs are sizeable—for the sustainability of talent programs, for the influence of the Talent Management leader, and for the organization through the alignment with, impact on, and optimization of current and future talent programs.