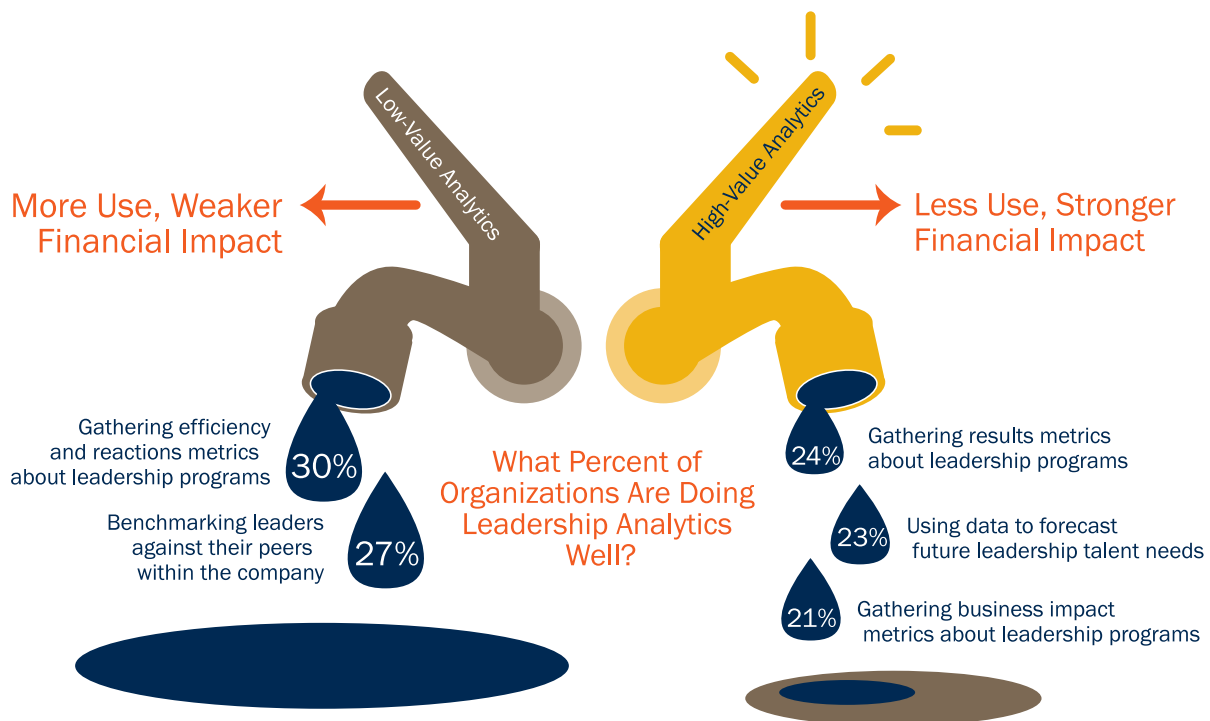




Leadership Analytics

How HR Can Use Big Data to Provide Big Value

The Misguided Flow of Leadership Analytics



Move Forward by Looking Ahead

Research conducted in 2014 by The Conference Board found that Big Data Analytics was the number one “hot button” issue for CEOs. However, Analytics was only number 19 (out of 22) in importance as a strategy to address the top CEO challenge, Human Capital.* This means that Big Data is hot and getting hotter because executives are putting increased pressure on finding ways to monetize data. However, these same executives do not recognize the potential of analytics.

To better understand the gap between HR analytics practices and recognized value to the business (and how it can be closed), we focused on several forms of leadership analytics, ranging from basic to advanced. We wanted to find out how often each was being done, how well it was being done, and most importantly, which forms of analytics link to financial outcomes. With these links we could see how well HR is responding to—or failing to respond to—organizations’ need for value-added analytical insight.

The struggles of HR analytics are rampant, varied, and illustrative when viewed as detailed above. We found that 47 percent of organizations don’t do any form of leadership analytics well. Only 1 in 20 does all forms well. Also, for almost every form, more companies have failed than succeeded. But we found an even bigger issue: What organizations do rarely produces value for the business. The figure at left shows these distinctions. On the left of the figure are forms of analytics more often pursued; on the right, forms that are less common. Unfortunately, those on the right correlate significantly with financial performance (a composite of external financial metrics). Those on the left do not.

* Mitchell, C., Ray, R.L., & van Ark, B. (January 2014), *The Conference Board CEO Challenge® 2014: People and Performance*, New York, The Conference Board, www.conference-board.org.

Now What



- .01 Recognize and inoculate against Big Data skepticism within the business community (both your own and in general). Although it is arriving long after other functions, HR has an opportunity to apply previously under-recognized structure, data qualification, and logic to analytics. Big Data doesn’t need more hype; rather, it needs more rigor and realism, and HR is ideally suited to provide these critical voices.
- .02 Reevaluate your analytics focus. Is your perception of analytics the same as that of your business partners and senior executives? This doesn’t mean, for example, you shouldn’t gather reactions and efficiency metrics or benchmark internally. Simply don’t expect those to be true analytics in the eyes of the business. Prioritize accordingly.
- .03 Direct your organization’s efforts toward future-focused and business-centric analytics that generate foresight about talent gaps and drive talent alignment with strategic goals. Without question, these are more complex and resource-intensive, but they also will help HR connect with Big Data and Analytics as a cross-enterprise business imperative, converting talent data to financial impact.