

Realizing Returns on Your Most Valuable Asset

The connective tissue between vision and action is analytics. No matter how brilliant a company's strategic vision, it must be evaluated against how well the market will embrace it, how its supply chain can obtain the needed resources, and how much the company can invest in that strategy. Even then, the strategy will fail unless it is clear how to *organize and motivate* the workforce to take action. As obvious as it seems, companies regularly neglect the fact that whenever change is required, they must consider the impact on the workforce and calibrate it to match the new requirements. Key market successes such as Google's ability to exploit search capability, Toyota's principles of manufacturing, and Apple's ability to innovate all required not only a detailed understanding of the business opportunity, but vital knowledge of how to build an organization and workforce capable of executing their vision.

Having built sophisticated analytical models, finance, supply chain, and marketing have long come to the table with dependable business metrics, presenting valuable information about actual and potential costs and profits that form the basis for critical business decisions. But organizations have struggled for years to develop equivalent models and methods that connect organization and workforce measures directly to company performance. As an example, fifteen years ago, David Norton and Robert Kaplan, in their book *The Balanced Scorecard*, noted:

[W]hen it comes to specific measures concerning employee skills, strategic information availability and organizational alignment, companies devote virtually no effort for measuring either outcomes or the drivers of these capabilities. This gap is disappointing, since one of the most important goals for adopting the scorecard measurement and management framework is to promote the growth of individual and organizational capabilities.¹

We see workforce analytics as a set of quantitative approaches that answer a simple, yet often overlooked question: what do we *need to know* about our organization and workforce to run the company more effectively, and (perhaps most importantly) how do we turn that knowledge into action? These approaches range from a very basic understanding of employee costs to complex models that dynamically balance the supply and demand for workers across multiple time periods and locations. They can focus on short-term outcomes by asking how to better align and motivate workers to achieve the current business strategy. Analytics can also be directed toward a longer horizon, asking what changes in the workforce and its management will be required to achieve future competitive advantage.

Workforce analytics moves beyond the narrow boundaries of the HR function and builds robust strategic and operational models by adding reliable information about workers and the organizational structure to financial, operational, and market data. Companies employ workforce analysis to anticipate what the new organization will look like, what it will cost, and the investment required to get there. Analysis synthesizes an array of facts to design the organizations and jobs of the future, build effective means of supplying the talent to fill those organizations, and understand how to integrate and mobilize workers across geographies and cultures. With such information, executives have the ability to make data-driven decisions based on a clear business case and construct a road map to success.

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