



# **Building the Bridge between Data and Decision making**

*Strategic HR meets Business intelligence*

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The trend in business performance management for smart organisations is to invest in technology that integrates their organisational data giving them the ability to make better decisions and effectively plan, monitor and improve. This is also known as Business Intelligence. Currently this is driven by the savvy Finance and Sales & Marketing leaders. Typically they have the growing understanding that one system cannot provide the full picture required to run a business in their complex and competitive environments.

It is now time for the inspired HR professionals to join in thinking like other leading business functions.

Working in strategic collaboration with other key business functions, HR leaders can develop an understanding that effective HR /business Intelligence is a combination of people, process and technology, not just people. By using technology in a smart way, we can move from talking about being a strategic function to actually being a strategic function. We do this by starting to integrate relevant business performance data and key HR data to improve our strategic decision making and add value to overall business performance.

HR Information systems (HRIS) have always been touted as the key to strategic HR. Alone, however, they are limited in the information they can provide HR professionals. Therefore, the challenge is to harness and integrate this HR data with organisation data to produce intelligent and effective HR initiatives.

### **How could we use this information in various industries?**

As a retail chain when we integrate HR's turnover and exit information with store profitability (financial data), we can start comparing the impact of highly performing stores with retention levels. This allows us to invest in building programmes that retain key performers, and demonstrate to store managers the impact of turnover on their store performance. These programmes reduce recruitment costs and minimise lost induction and training expenditure.

This then leads into developing the underperformers. By integrating employee sales data (Point of Sale), product data (Inventory) and HR's training and development data, we can also encourage, motivate and reward underperforming staff to reach higher levels. This will directly result in increased revenue by the employees and overall store profits. By capturing and analysing this integrated set of data, we are also able to identify which initiatives are working and, more importantly, which are not!

As a business to business sales focused organisation we can use integrated customer information (CRM), sales rep expenditure (finance) with HR's training and remuneration data, to determine the true cost to serve each customer. This allows HR to work alongside sales management in identifying optimal regional

segments and the management of account portfolios. This will lead to improved cost to serve ratios. We can directly and positively impact sales rep productivity as well as improve account profitability.

As a manufacturing organisation we can integrate HR's sick leave, induction, training and health & safety data with production data to identify areas that can be optimised, including more robust recruitment processes, better induction, health and safety training, and reduced absenteeism. This allows the HR strategy to have a direct impact on the organisation's output and profitability, while reducing compliance costs.

We often report on sick leave data out of HR information systems, but this can add much more value to an organisation when analysed alongside rostering patterns. For example, identify which shift rotations have the highest levels of absenteeism and develop appropriate HR initiatives to reduce this level.

### **Building the Bridge for Better Decision Making**

By using the components of the business intelligence model below, we can simply and effectively transform data into information for better decision making.

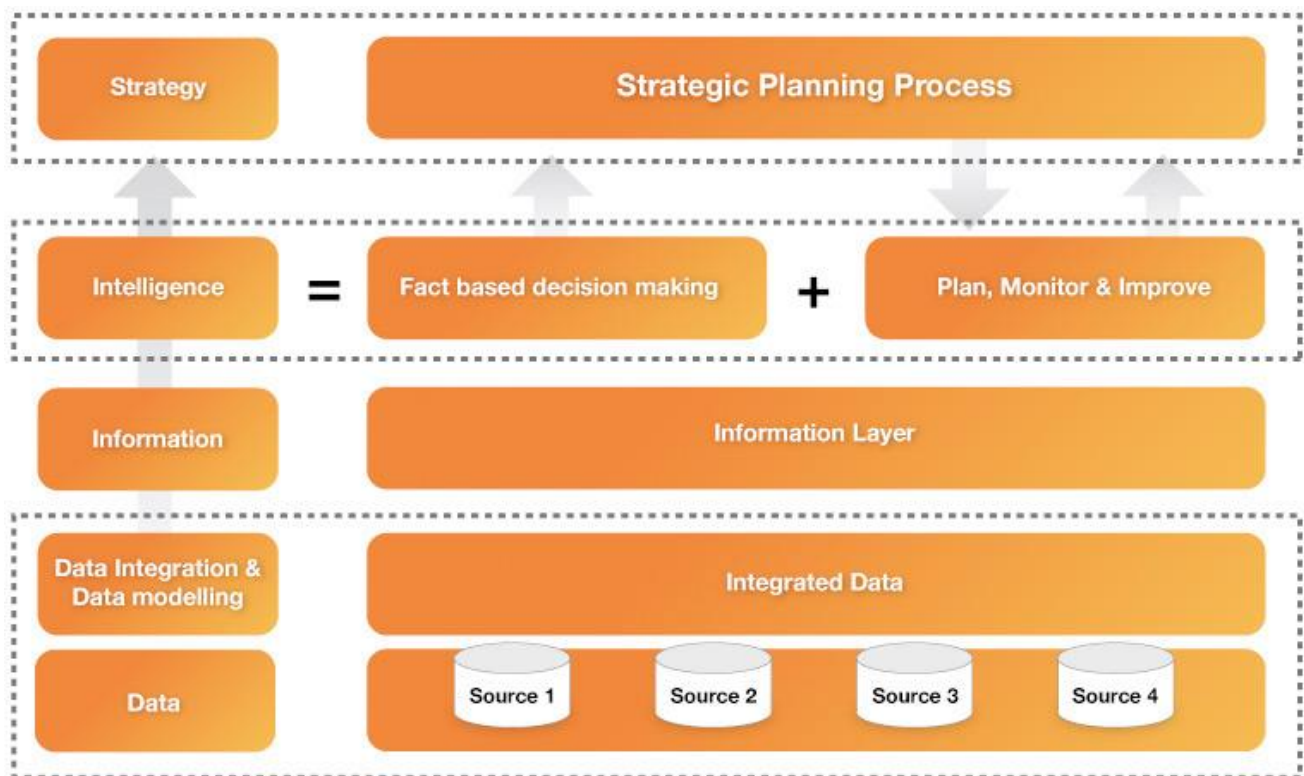
Before you embark on this journey, it is important to work through the strategic planning process to identify and align yourself with your HR strategy and organisational Key Performance Indicators (KPI).

To effectively and efficiently report, analyse or view your KPIs in a dashboard, an organisation needs to build an information layer. The stages to build this information layer are to integrate and model data.

- Data integration

As HR professionals we need to embrace the data that is already available around the organisation and understand how that can build a picture that supports business growth and sustainability. This data is already available in our existing applications such as point of sale, finance, inventory, client support, manufacturing, HR applications or even that access database someone developed one rainy afternoon! This data layer provides a mass of raw potential knowledge and insights that can be used to draw conclusions and make decisions. However, it is raw and not much use in its current form

To make this data useful, the underlying business logic (or data modelling) needs to be understood. What does the data represent? At this point we draw relationships between the data sources to make the data more accessible and useful. This information, when the data is converted from the various existing applications, is usually stored in a data warehouse. All "the heavy lifting" is done at this transformation and integration stage. Through this integration of the data, we now have accurate and timely information.



By aligning all of these components you will build the bridge between data and decision making.

### Using the Bridge for Better Decision Making

Once the technology, processes and people are in alignment, you can

- Build accurate reports and dashboards
- Monitor performance against KPIs and strategy, which in turn provides you with better information to establish next period's KPIs and strategy
- Implement effective HR initiatives that are based on integrated information
- Report profitability and productivity gains against HR initiatives put in place
- Easily justify an increase in HR budgets
- Unite the organisation through the collaboration of business leaders

The benefit of building the bridge between data and decision making is a transformation for HR from being considered as an expense or cost centre to one of an added value proposition. HR is now directly responsible for reducing operating costs and improving the organisation's overall productivity, revenue and profitability.