

# Selecting the right People Analytics tool

A step-by-step guide

The use of data has become increasingly important in our society. Patterns and fact-based insights obtained from data help us to create one language between stakeholders and finally make better decisions. Considering the business perspective, most of the organizational departments, like operations and sales, have already been using data for years now. However, HR departments still seem to struggle in delivering strategic and predictive analytics, adding value for the whole organization (Minbaeva, 2017; Gartner, 2019).

## Implementing people analytics strategy

Recently, we already revealed four crucial actions to take in order to assure that you establish and implement an effective people analytics strategy within your organization. Based on those findings, we cannot deny that technology is one of the crucial elements that impact your people analytics capabilities. That is to say, appropriate technology makes sure that you (1) possess accurate insights in where your data is collected from, (2) have complete knowledge of where your people data can actually be found, and (3) that you know how different sets of data can be combined, subsequently leading to strategic and/or predictive results (Minbaeva, 2017). Unnecessary high costs can arise when a central tool for your data is missing within the organization.

With the wide variety of people analytics tools available on the market, it can be rather challenging to choose the right people analytics tool for your organization. In this whitepaper we offer you a step-by-step guide to support you with the selection of a people analytics tool.

## Selecting the right analytics tool, a step-by-step approach

Below four steps will guide you in the process of selecting the right people analytics tool for your organization.

### Step 1: Understand the business and ask the right questions

A common mistake with choosing any tool within an organization is that you look at technology in isolation. It is important to keep in mind that the end goal of using a people analytics tool is to drive decision making

### Effective implementation actions

-  Secure **management support**
-  Implement and maintain suitable **technology**
-  Develop a **data-driven mind- and skillset** within HR
-  Organize people analytics within the **organizational design**

— Quintop (2019)

that contributes to achieving organizational goals. It is therefore key, as a first step, to understand the business. Each people analytics tool is designed to provide insights into specific topics and questions. Therefore, you need to make sure that the tool you will choose can provide you with those insights you need in order to support the business in making decisions that will contribute to reaching business goals.

If the business focuses on questions that relate to the performance of HR such as: 'What is the turnover in the organization? Do we offer equal pay? What is the time to fill vacancies?', you might want to pay attention to tools which are specialized in providing insights into workforce data throughout the whole employee life-cycle. However, if your business is asking questions that focuses on the people impact on the organization such as: 'What is the return on investment of our sales training? What is the profile of a manager that leads the most productive teams?', you probably want to focus on tools which are able to link different data sources, both people and non-people related data, and provide answers to these types of questions.

Next to this, you also want to understand if the business for example wants to analyze the current state of the organization or the future state (e.g. forecasting) and whether they are looking for benchmark information. Altogether, understanding all their needs will guide you towards which people analytics tool is the best fit for your organization.

### Step 2: Know your data and IT landscape

Creating a clear overview of your IT landscape and the stored data will support you to get insights in some important topics. First of all, you can explore if HR could potentially leverage the use of an analytics tool that is already implemented and used by other parts of the organization. This strategy could save time and budget. Some organizations even have strict IT policies that can heavily impact your choice as it forces you to use existing tools and do not allow you to acquire new IT solutions. A benefit of sharing a tool with other departments is that you are able to do cross functional analyses from multiple sources. This means you can, for example, link your HR data to finance or sales data or answer questions like: 'Does employee performance influences organization performance? Is there a relationship between employee engagement

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**Understanding the business needs** will guide you towards a people analytics tool that is the best fit for your organization.

and sales results?'. However, when sharing tools, it is important to have a clear authorization governance to protect the data privacy of your employees.

If the IT landscape does not include an analytics tool, or if the existing tool does not meet your demands, you can further explore tools on the market based on several criteria. If your HR data is scattered across different HR systems, the tool you are looking for needs to be able to combine these data sets. It would be time consuming and lead to manual errors if you for example need to manually combine and map your core employee, learning and recruitment data on a monthly basis before you can load it into the tool. Finally, an often debated topic when selecting a people analytics tool is data quality. An important question to answer for example is: 'Does the tool needs to be able to support you with data quality improvements?' Some tools contain business rules that flag data inconsistencies and also help to track data completeness. If this is one of your goals, you will need to make sure the tool you select holds this functionally.

### Step 3: Know your users and consumers

Identifying who will initially analyze and process your data and who their consumers actually are throughout the organization are the first elements to find out during the third step. We consciously distinguish users from consumers, since they both have different needs and expectations for using data. Also, there are different options to organize how the tool will be used. You could have employees working in IT who perform the actual data analyses with a counterpart within HR who communicates insights to the business. Next to that, you might have a dedicated people analytics Center of Expertise who processes and analyses the data, and shares outcomes with their consumers. Lastly, you could even have the end user, like a HR or business manager, to directly analyze the data from the tool themselves. In the first two examples you would potentially choose a more technical tool, while the last example asks for a more user-friendly tool that can be understood by anyone.

Also, do not forget to include future ambitions and needs to scale when you create an overview of the number of users and how they collaborate with each other. Some of the providers ask a fixed amount for the use of

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Can you **tap into an existing analytics tool** used by the organization or do you **explore new people analytics tools** available on the market?

their tool, while others charge a fee for each single user.

After finding out who the stakeholders are, you will need to map their actual knowledge and skills. Some important questions include: 'What do your users expect to work with? Do the users understand the underlying data models of an analytics tool? What is the level of data literacy of your consumers?' All those answers will guide you towards an appropriate tool.

In case your users do already possess statistical knowledge, a data-driven mindset and can also easily translate those analytics into understandable business insights, you could consider an advanced analytics tool including a self-service function. If this is not the case you can either choose to develop the needed capabilities within your organization when there is enough time and budget, or you could choose for a user-friendly plug-and-play tool. These tools offer a wide range of pre-built dashboards and metrics to get insights and subsequently to present them to the consumer in an understandable and workable manner.

#### Step 4: Think about time and budget

During the fourth step, we further dive into the aspects of time and budget. 'When do you need to go live with your people analytics tool?' Answering this question will give you enough insights into the time you have to build and implement a specific tool, collect your first data, test the outcomes and train your users. For instance, tools with a plug-and-play characteristic are easy to implement. However, considering this latter choice, you will not always have complete control, since analyses are already structured and fixed by the vendors of those tools. Do not forget to take into account your future ambitions in analytics. Some tools could for example easily be adjusted to your changing business objectives or transport and translate data towards other tools, while others ask for a time-consuming reconstruction.

Next to this, be aware of the costs associated to the implementation, maintenance and use of your data tool. 'How predictable does the budget need to be overtime? Does your budget include the costs for additional essential features, like data storage and bringing in expertise, or does it only focus on the tool itself?' A part of the available tools uses

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Make sure your **choice fits** the level of **analytical knowledge** and **skills** of your users and consumers.

different prices depending on the number of users or queries. On the one hand those options will often offer you many expansion possibilities, while on the other hand those could lead to unexpected costs or bottlenecks in the growth you envision when you do not first chart your finances. In case you decide to implement a self-service analytics tool, also take into account the possible need for time and budget in the future. You will have to consider whether you invest either the major part of your budget during the implementation phase by selecting a plug-and-play option or gradually by investing in your own manpower and giving up your own time in case you go for a self-service solution.

Do not forget to realize that it is about the combination of the four steps to finally find your appropriate people analytics tool. For instance, during step three, you were asked to get insight in your available time and budget in order to develop the desired competencies. In other words, our four steps do interact with each other.

## Tips and tricks

After going through above steps, you probably have narrowed down the pool of people analytics tools that will suit your organization best. In order to make the final decision you can use below tips and tricks.

### 1 Request demos

Most people analytics tools will be happy to host a demo session in which you can see the tool in action. This will also immediately provide you with the opportunity to meet the people behind the tool. As you will probably work together a lot, this allows you to see if you would like to work with them and if that suits your ways of working.

### 2 Ask for recommendations within your network

You can often receive the best feedback from organizations who are already using the tool you would like to choose. Therefore, it is a good idea to ask for a recommendation and to explore what they do and do not like about the tools you are considering.

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Do you go for a fast, user friendly, **plug-and-play** solution or do you invest in the long-term set-up of an **embedded inhouse analytics** solution?

**3 Ask for a proof of concept**

Some people analytics tools can fully anonymize and scramble your HR data and provide you with a proof of concept. This will allow you to work with the tool yourself and test whether it can do what you aim for.

## Questions?

If you have any questions related to the selection of the right people analytics tool for your organization, please feel free to contact us or visit [our website](#) for more information.

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