

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 gained from data help us create a single language between stakeholders and ultimately make better decisions. Business-wise, most organisational departments, such as operations and sales, have been using data for years. However, HR departments still seem to struggle to deliver strategic and predictive analytics that add value across the organisation (Minbaeva, 2017; Gartner, 2019).

Implementing a people analytics strategy

Recently, we have already revealed four crucial actions that need to be taken to set up and implement an effective people analytics strategy within your organisation. Based on those findings, we cannot deny that technology is one of the crucial elements affecting people analytics capabilities. That is, appropriate technology ensures that you (1) have accurate insights into where your data is collected, (2) have full knowledge of where your personal data can actually be found, and (3) know how different data sets can be combined, which then leads to strategic and/or predictive results (Minbaeva, 2017). Unnecessarily high costs can arise when a central tool for data is lacking within the organisation.

With the wide variety of people analytics tools available on the market, it can be quite a challenge to choose the right people analytics tool for your organisation. In this whitepaper, we provide a step-by-step guide to support you in selecting a people analytics tool.

Selecting the right people analytics tool, a step-by-step guide

The four steps below will guide you in selecting the right people analytics tool for the organisation.

Step 1: Understand the business and ask the right questions

A common mistake when choosing a tool in an organisation is that technology is often only considered in isolation. It is important to remember that the end goal of people analytics is to make choices that help achieve organisational goals. It is therefore crucial to understand the business as a first step. Every people analytics tool is designed to provide insights into specific topics and questions. Therefore, you need to ensure that the tool you choose can provide

Effective implementation actions



Get **management support**.



Implement and maintain suitable **technology**.



Develop a **data-driven mind- and skillset** within HR.



Organise people analytics into the **organisational design**.

Source: Quintop (2019).

you with the insights you need to support the business in making decisions that contribute to achieving business goals.

If the business focuses on questions related to HR performance such as: *'What is the turnover in the organisation? Are we providing equal pay? What is the time to fill vacancies?'*, then you might pay attention to tools that specialise in providing insight into employee data throughout the employee lifecycle. However, if your company asks questions focused on the impact of people on the organisation, such as: *'What is the return on investment of our sales training? What is the profile of a manager who leads the most productive teams?'*, then you probably want to focus on tools that can link different data sources, both people and non-people data, to provide answers to these kinds of questions.

In addition, you may also want to know whether the company wants to analyse, for example, the current state of the organisation or the future state of the organisation (e.g. forecasting) and whether they are looking for benchmark information. Once you understand all their needs, you can see which people analytics tool best suits your organisation.

Step 2: Know your data and IT landscape

By creating a clear overview of the IT landscape and stored data, you will gain insight into some key issues. First, you can explore whether HR could possibly use an analytics tool that is already implemented and used by other parts of the organisation. This strategy can save time and budget. Some organisations even have strict IT policies that can have a big impact on your choice, as it forces you to use existing tools and does not allow you to purchase new IT solutions. An advantage of sharing a tool with other departments is that you can do functional analysis from multiple sources. This means you can link HR data to financial or sales data, for example, or answer questions such as: *'Does employee performance affect organisational performance? Is there a link between employee engagement and sales results?'* However, when sharing tools, it is important to have clear authorisation management to protect your employees' data privacy.

If the IT landscape does not include an analytics tool, or if the existing tool does not meet your requirements, you can further explore tools

Insight

Understanding the needs of the business will lead you to a people analytics tool that best suits your organisation.



Quick check

Do you use an **existing analytics tool** used by the organisation or do you explore **new people analytics tools** available on the market?



on the market based on different criteria. If your HR data is spread across different HR systems, the tool you are looking for should be able to combine these data sets. It would be time-consuming and lead to manual errors if, for example, you must manually combine and map your employee, learning and recruitment data on a monthly basis before you can load it into the tool. Finally, a frequently discussed issue when selecting a tool for people analytics is the quality of the data. For example, an important question to answer is: *'Should the tool be able to support you in improving data quality?'* Some tools include business rules that flag inconsistencies in the data and also help keep track of data completeness. If this is one of your goals, you should ensure that the tool you select supports this functionally.

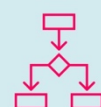
Step 3: Know your users and consumers

Identifying who will initially analyse and process your data and who the consumers really are across the organisation are the first elements you discover during the third step. We deliberately distinguish users from consumers, as they both have different needs and expectations when using data. There are also different options for organising how the tool is used. You might have IT staff doing the actual data analysis with a counterpart within HR communicating insights to the business. In addition, you might have a dedicated people analytics expertise centre that processes and analyses the data and shares the results with their consumers. Finally, you might even have the end user, such as an HR or business manager, analysing the data from the tool themselves. In the first two examples, you would possibly choose a more technical tool, while the last example calls for a more user-friendly tool that everyone understands. Also remember to include future (growth) ambitions when you make an overview of the number of users and how they interact. Some providers charge a flat fee for using their tool, while others charge per user.

After discovering who the stakeholders are, it is important to identify their actual knowledge and skills. Some key questions are: *'What do your users expect to work with? Do users understand the underlying data models of an analytics tool? What is the data level of your consumers?'* All these answers will lead you to an appropriate tool.

Tip

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



If users already have statistical knowledge and a data-driven mindset, and they can also easily translate those analyses into understandable business insights, you can consider an advanced analytics tool, including a self-service feature. If not, you can choose to develop the necessary capabilities within your organisation when there is sufficient time and budget, or you can opt for an easy-to-use plug-and-play tool. These tools offer a wide range of pre-built dashboards and metrics to gain insights and then present them to consumers in an understandable and usable way.

Step 4: Think about time and budget

During the fourth step, we elaborate on the aspects of time and budget. To begin with: *'When should you go live with the people analytics tool?'* Answering this question will give you sufficient insight into the time you have to build and implement a specific tool, collect the initial data, test the results and train the users. Thus, tools with a plug-and-play feature are easy to implement. Given the latter choice, however, you may not always have full control, as analyses are already structured and fixed by the vendors of those tools. Don't forget to consider future ambitions in analytics. For example, some tools can be easily adapted to changing business objectives or transport and translate data to other tools, while others require time-consuming reconstruction.

In addition, consider the cost of implementing, maintaining and using the data tool. Consider: *'How predictable does the budget need to be for overtime? Does your budget include the cost of additional essential functions, such as data storage and bringing in expertise, or is it focused only on the tool itself?'* Some of the available tools use different prices based on the number of users.

On the one hand, those options often give you a lot of scope for expansion. On the other, they can lead to unexpected costs or bottlenecks in the growth you have in mind if you don't map out your finances first. If you choose 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 weigh up whether to either invest most of your budget during the implementation phase by opting for 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.

Quick check

Will you go for a quick, user-friendly, **plug-and-play** solution or invest in the long-term set-up of an **integrated internal analytics** solution?



Remember that it's all about combining the four steps to finally find your suitable people analytics tool. For instance, during step three, you were asked to understand your available time and budget to develop the desired competencies. In other words, our four steps interact with each other.

Tips & tricks

After going through the above steps, you have probably narrowed down the pool of people analytics tools to those that best suit your organisation. To make the final decision, use the tips and tricks below.

1) **Requesting demos**

Most people analysis tools will be happy to organise a demo session where they can show you the tool in action. This also gives you an immediate opportunity to meet the people behind the tool. As you are likely to be working together a lot, this will allow you to see if you want to work with them and if that suits your way of working.

2) **Ask for recommendations in your network**

Often, you can get the best feedback from organisations that are already using the tool you would like. Asking for a recommendation will give you a better idea of how it works, what they do and what you don't like about the tools you are considering.

3) **Ask for a 'proof of concept'**

Some people analytics tools can completely anonymise and mix up your HR data and provide you with a proof of concept. This way, you can work with the tool yourself and test whether it can deliver what you are aiming for.

References

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