



Using Human Capital Analytics to Create Competitive Advantage

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The Agenda

- The problem & the opportunity
 - Evidence for convincing disbelievers
- Using analytics to seize the opportunity
- Best practices & pitfalls to avoid
- Creating your “TO DO” & “TO STOP” lists

The Problem & the Opportunity

In the long-run
Wall Street rewards that which
it punishes in the short-run.

This insight has enabled us to outperform the market for nearly 11 years



PLEASE NOTE: Reported portfolio performances do not include fees or expenses. S&P 500 does not include dividends. Past performance is not a guarantee of future results. Contact Bassi Investments for additional information.

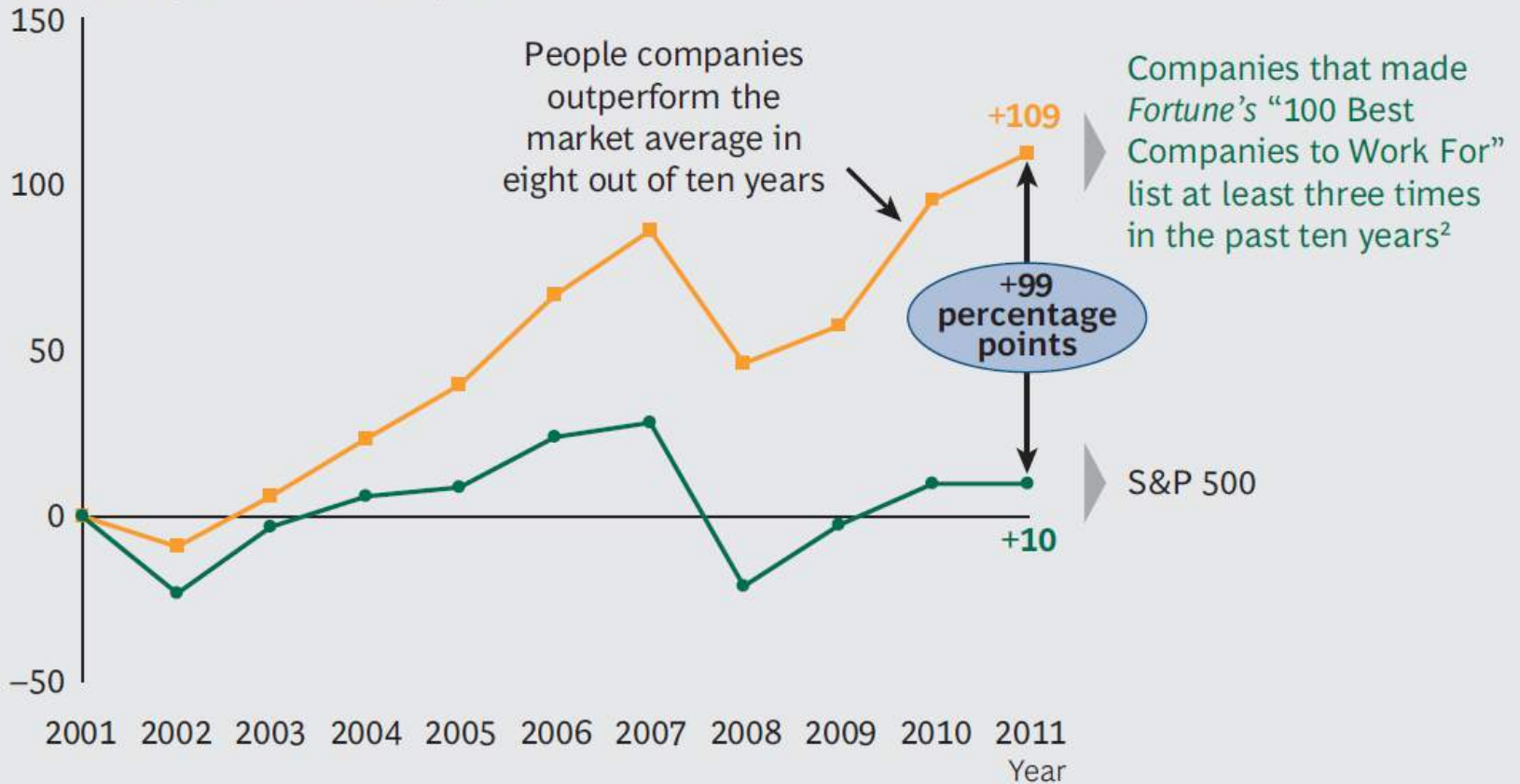
Poll Question

At my organization, short-termism...

1. Is not a problem
2. Is somewhat of a problem
3. Is a significant problem
4. Could prove to be fatal

EXHIBIT 1 | “People” Companies Outperform the Market Average

Cumulative growth rate of share price (%)¹



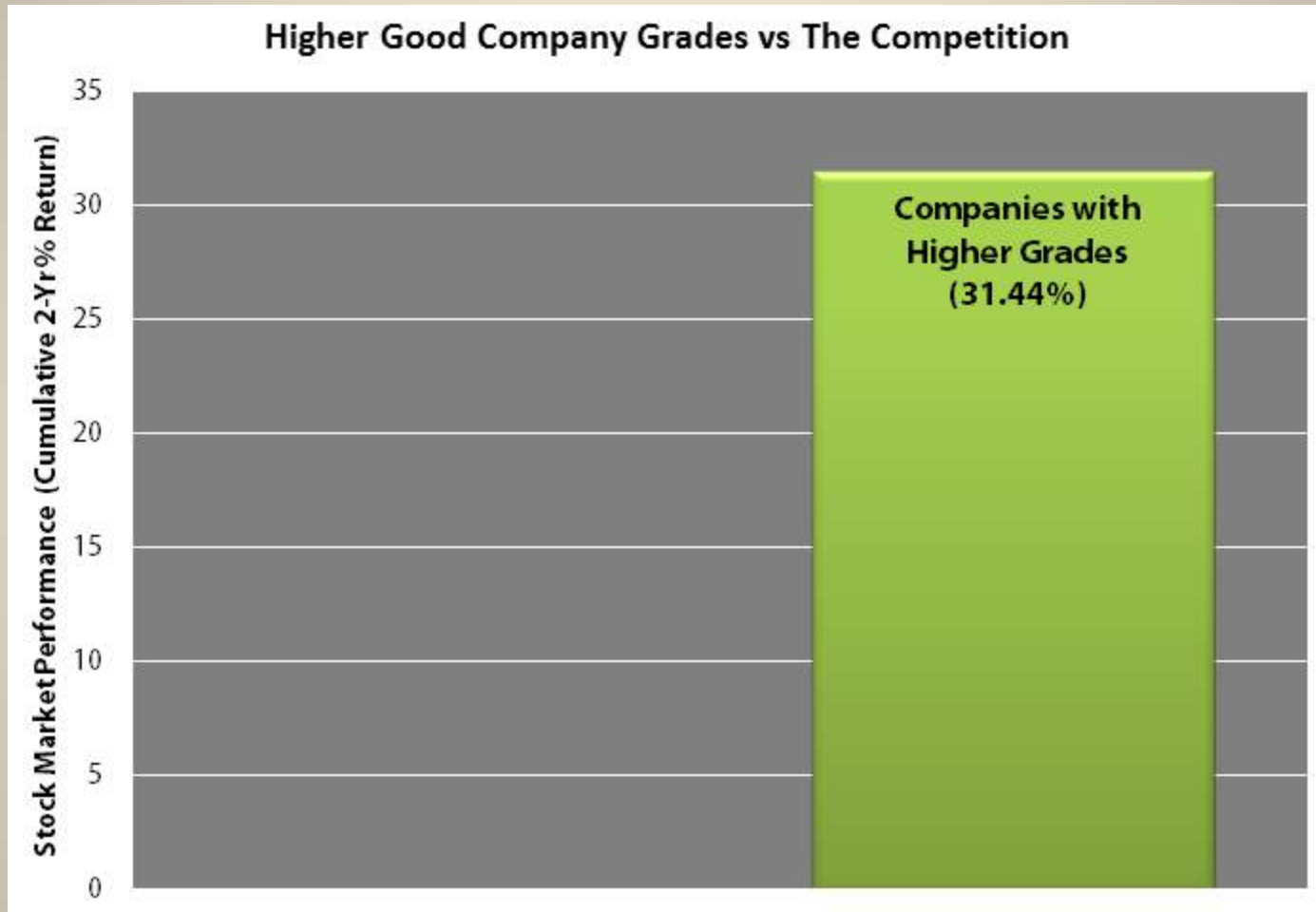
Sources: 2012 BCG/WFPMA proprietary web survey and analysis.

¹Based on end-of-year closing prices.

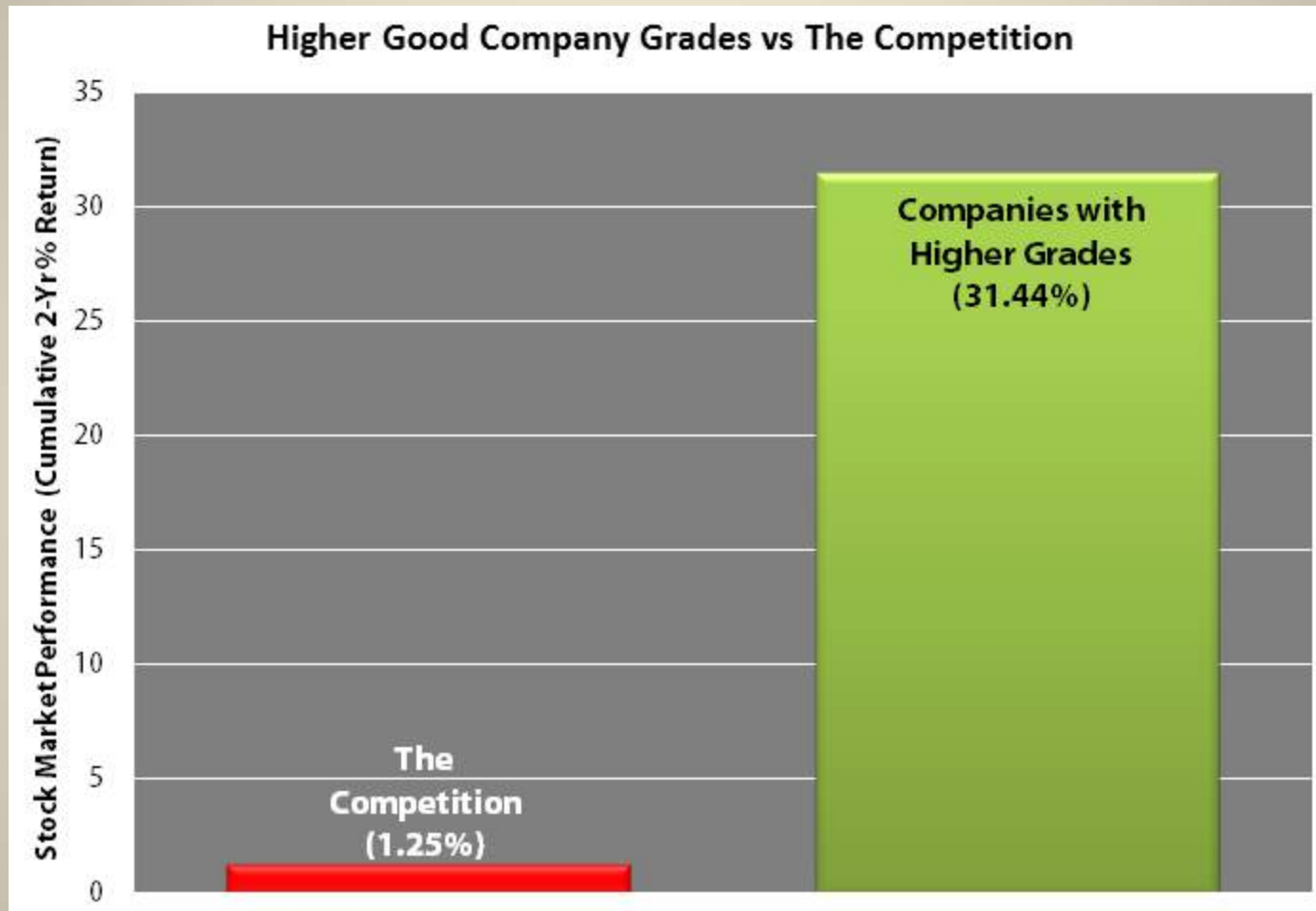
²Average growth rate of companies' share prices in percent (weighted by 2001 share prices), dependent on sample composition for each particular year.

Table from Boston Consulting Group/WFPMA, *From Capability to Profitability: Realizing the Value of People Management* (July 2012).

“Good Companies” Outperform Their Competitors



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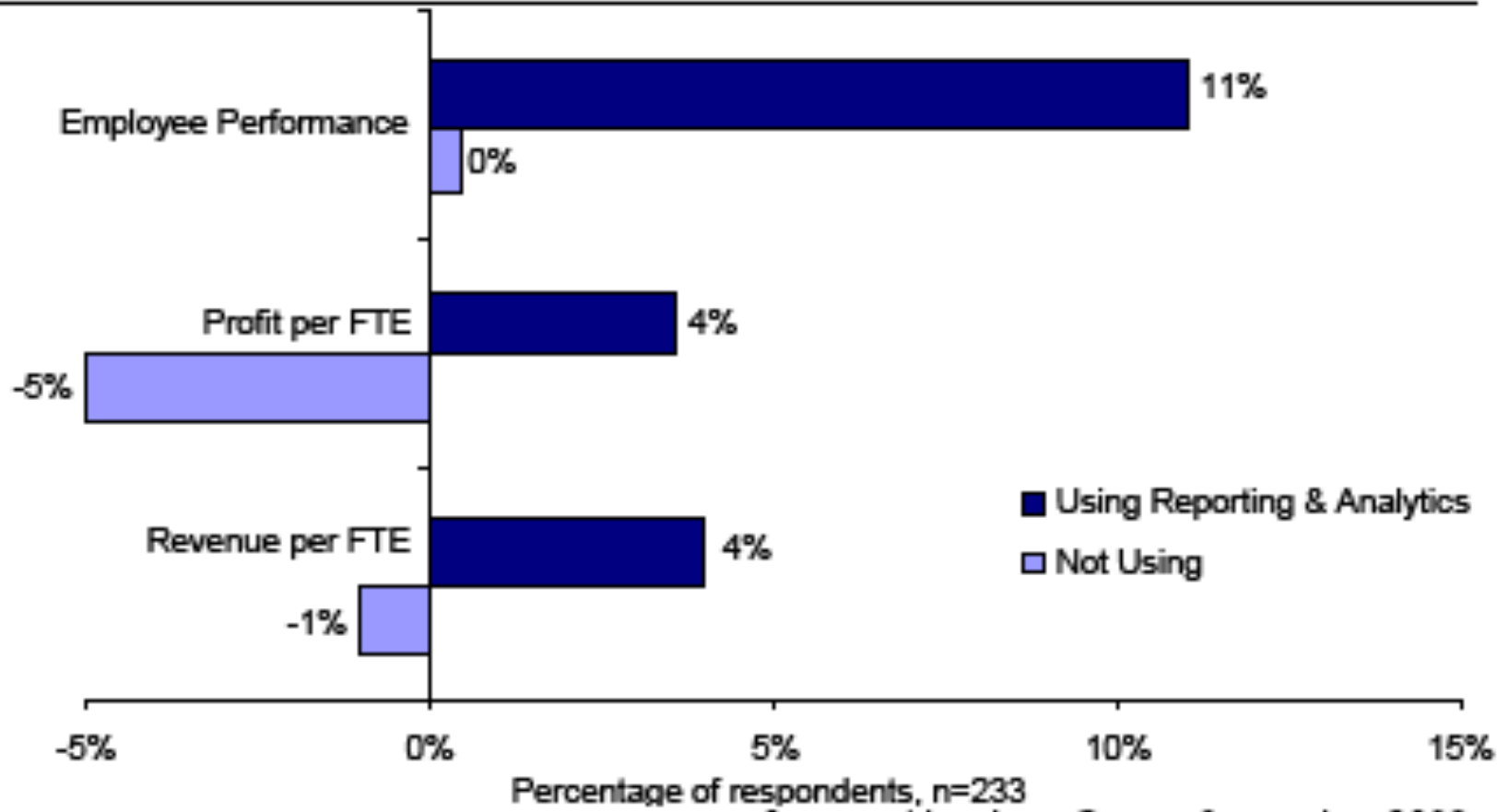


Biggest source of outperformance
is a company's ratings on



Companies That Use Human Capital Analytics Outperform

Figure 4: Year-over-Year Impact from use of Reporting / Analytics



Percentage of respondents, n=233

Source: Aberdeen Group, September 2009

Analytics helps immunize firms
against short-termism.

Used wisely, it is a source of
sustainable, competitive advantage.



**Using Analytics to
Seize the Opportunity**

Requires a Shift in Mindset

- From defense to offense
- Asking better (more powerful) questions
- Questioning “accepted wisdom”
- Eliminating non-value added reporting (data dumps)

Getting Beyond “Hitting the Wall in HR Measurement”

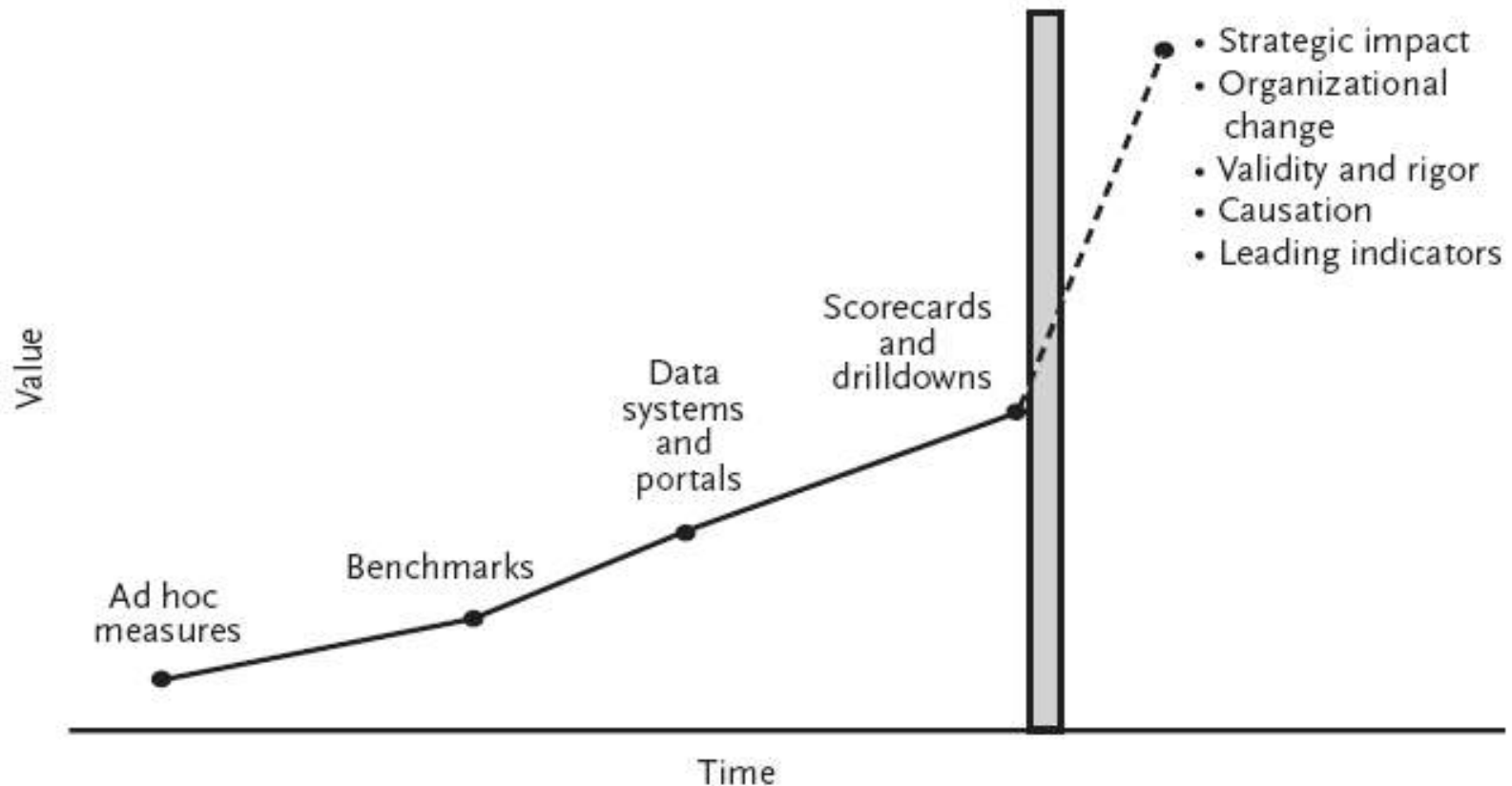


Figure 2.1 Hitting the wall in HR measurement

Source: John Boudreau and Peter Ramstad, *Beyond HR: The New Science of Human Capital*, Harvard Business Press (2007), p. 189.

What Measures Matter and to Whom?

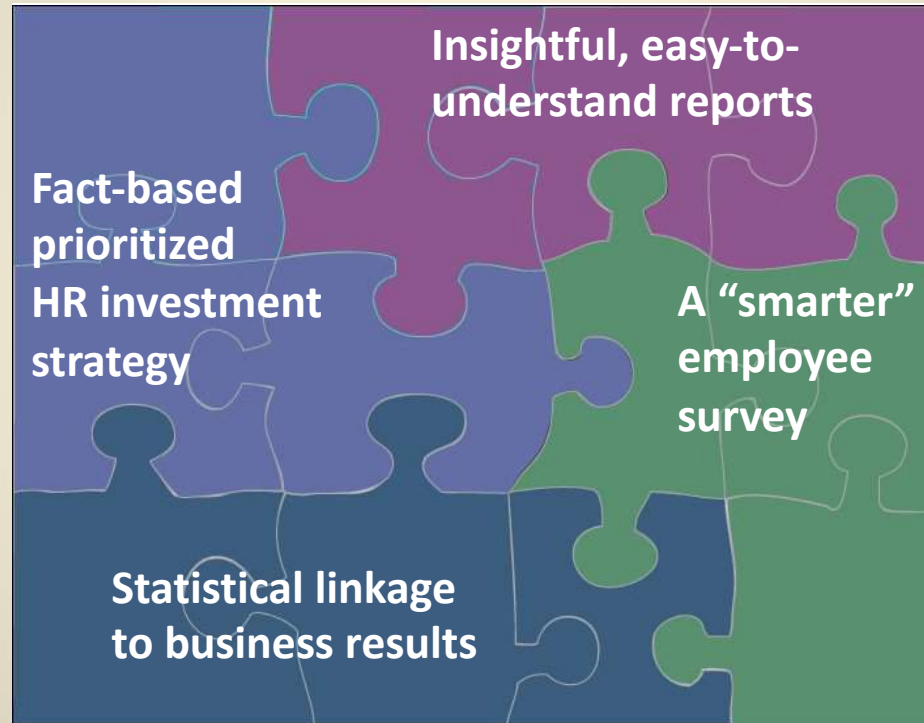
	Measures of...			
Who Cares?	HR efficiency	HR effectiveness	Business impact of human capital strategies	Human capability and risk
HR	●	●	●	●
Senior executives		●	●	●
Board of directors			●	●
Investors				●

Poll Question

The stage of HR analytical capability that best characterizes my organization is...

1. Analytically impaired
2. Aspires to be analytical
3. Localized pockets of analytics
4. Analytical
5. Uses analytics as a source of competitive advantage

Four Essential Building Blocks



Example: Applied Materials' Analysis Database



Example – analytics drives better decisions



Analytics Can be Used to Drive Better Business Results & Reduce Risk

- What profiles (individual contributor and managerial) contribute to regrettable turnover?
- What does this suggest about how to optimize, hiring, training, leadership & organizational development?
- Which specific aspects of the management and development of people are driving/impeding sales and customer satisfaction?
- What changes to the performance management system would have the greatest impact on the business?
- How should strategies/policy/approach be modified to accommodate geographic/cultural differences?
- Is our investment in training generating the intended business impact?
- What changes to our compensation system would drive better outcomes?

A close-up photograph of several white eggs in a nest, with one egg in the center being a golden color. The text is overlaid on the image.

**Best Practices
&
Pitfalls to Avoid**

Best Practices

- Adopt a “business intelligence mindset”
- Start small and build credibility
 - In the early stages, focus on solving immediate problems
- Have the end in mind and build an infrastructure to support it
- Collaborate with other analytic groups within your company
- Build/buy analytics competence with HR
- Enlist analytical support from other analytics groups within the company
- Provide the right level of executive leadership support
- Engage a leader who has an analytics understanding, passion, and interest

Pitfalls to Avoid

- Using analytics to “prove HR’s worth”
- Assigning this mission to a lower level technician
- Confusing:
 - Data dumps with insight
 - Benchmarking with analytics
- Rushing the process
- Allowing the perfect to become the enemy of the good

So...What Should You Add to Your...

TO DO list

TO STOP list



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