

BECOMING A

Data-Driven HR Function



Introduction

Within any given day, you are probably confronted with a myriad of business decisions, and even more data culled to help you make the right choice. With new software options and data collection methods at an all time high, compiling and analyzing big data is incredibly simple.

Step into the sales office and the managers will know what key performance indicators to which they hold their staff. A few minutes with the marketing department and you can learn the results of last month's campaign and the metrics they used to guide the next campaign. Historically, Human Resources has not enjoyed that same reputation. Because the very title suggests a human touch, cold, robotic numbers have long been avoided or misunderstood, traded instead for untrackable gut feelings and instincts. Not to mention, the very department tends to be undeserved and understaffed with little budget and too broad of a focus when it comes to goals and deliverables.

For the first time in 14 years, HR practitioners rank HR data and software as a key priority, especially in the private sector. In fact, 97% of respondents to [XpertHR's](#) annual survey collected at least some form of HR data. However, only 48% of those respondents felt enough meaningful data was gathered to actually measure HR performance.

How can executives and HR professionals make the right connections? The first step is to understand which data points make an impact on your people and the bottom line.

We've taken a tactical approach to bridging that gap by focusing on several key areas and metrics.



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Interview Scorecards

An interview scorecard is the standard by which all candidates are compared and evaluated. The scorecard includes competencies specific to the position and attributes of the candidate that distinguishes a cultural fit or not. It also provides a place for interviewer notes to encourage highlighting responses to various questions as well as areas of concern. All of this leads where the interviewer can place a hire, or not hire, recommendation for the team to consult.

Why You Should Care

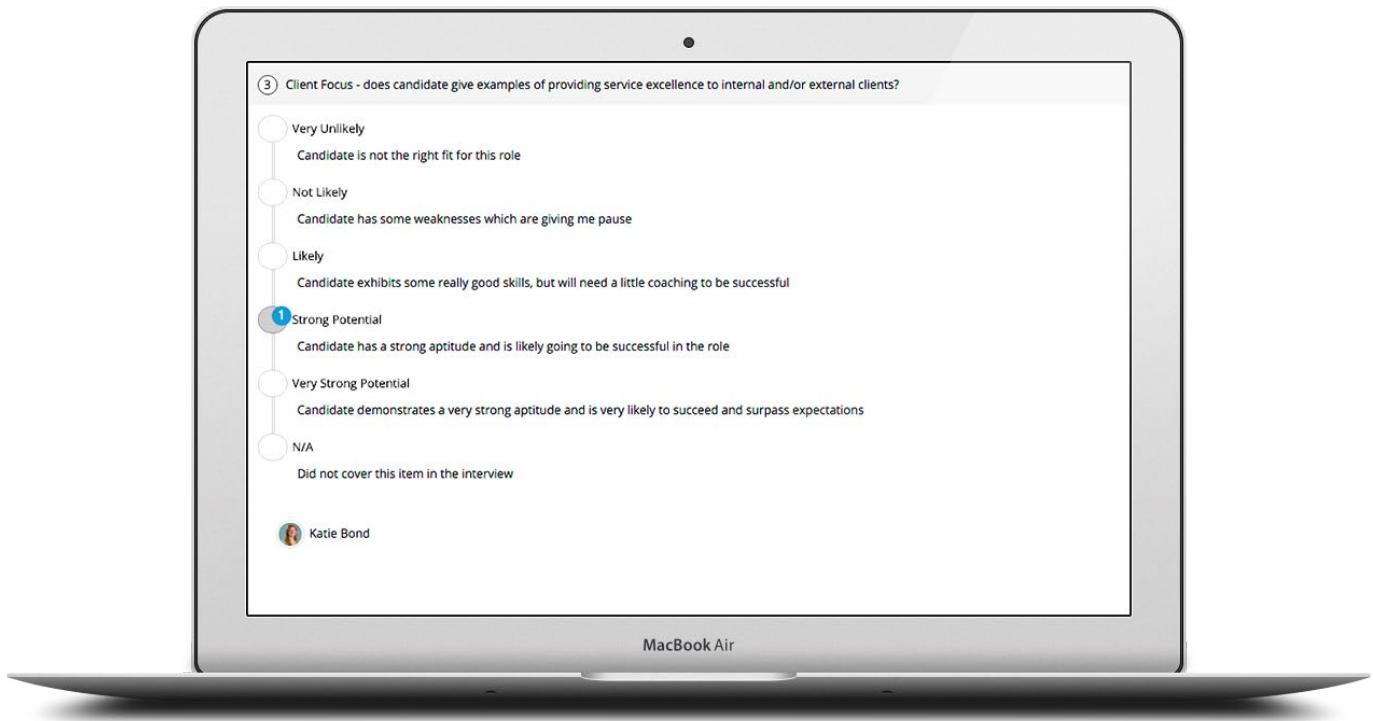
The interview scorecard allows you to consistently and effectively evaluate candidates to determine how well they will do at your company. It is a map to the role, the competencies required for success and the best interview questions to determine fit. With it, hiring teams are assured the right information is gathered consistently. It's important that, throughout the process, interviewers are providing feedback based on company, department and role-based competencies. A customized scorecard will help collect both qualitative and quantitative data with these needs in mind. Beyond those advantages, the scorecard also protects against litigation, providing clear and documented criteria for a job and an objective process.



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How to Use It Best

The best way to structure a scorecard is by selecting the correct competencies along with recommended questions for assessing the candidate in those areas. Based on correlating competencies from current A-players, a weight should be assigned to each skill, requirement or characteristic. This weight will determine how critical it is for a new hire to have that skill. From there, the recruiter or hiring manager will score the candidate's resume or interview performance as well as provide notes. See below for an example.



Hint: *It's important to find objectivity in the interview, which is usually a very subjective situation. Precise and specific interview questions are key. For instance, "How do you learn new skills best?" will receive generic responses, but "Do you learn best by acting out a new process, watching a mentor work through a new process or working with a team to learn a new process?" will generate a more detailed response.*



Report on these Metrics

The hiring team will need to rely on the position's direct manager or departmental lead for an accurate account of the new hire's performance as well as the metrics used in the scorecard. Just remember, more than 10 metrics may lead to overlap and muddled details. These metrics, **explained by John Boring**, are a fairly common starting point.



Screened candidates to face-to-face interviews - to understand the quality of candidates being referred for interviews. The lower the ratio, the more targeted your applicant pool.



Face-to-face candidates interviews to offers extended - to understand the quality of candidates being interviewed by a hiring team. The lower the ratio, the higher the quality of the screening process.



Offers extended to offers accepted - to understand the competitiveness of your job offers. The higher the ratio, the less competitive your offers are.

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Time-to-Hire

Perhaps the most commonly tracked metric in HR, time-to-hire is the amount of time it takes to make a hiring decision, spanning from an application's submission date to the date the offer letter is sent.

Why You Should Care

In recent years, the average time-to-hire has reached an all time high of **27 working days**. That means, a majority of companies are leaving necessary roles empty for over a month. Even more, studies show high-quality hires only spend an average of 10 days on the market. If your organization is taking too long to move someone through the process, A-players are likely going elsewhere.

The hire slow mentality isn't necessarily wrong, but there is something to be said for companies who know what they want and find the match before the competition. Time-to-hire is more about finding what works best for your organization and continuing to build your hiring process to match that timeline.



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How to Use It Best

Technology does so much more than bring employees together and save time. Today's **applicant tracking systems** move past organizing candidate information to playing a pivotal role in moving applicants through the talent pipeline efficiently. Because the time it takes to make a hire can mean the loss of that hire, it's important that each step of the process is not only accurately carried out, but transparently communicated with applicants. Internally, all parties are clear on the position of candidates in the pipeline and participating in instant collaboration to cut down on lengthy internal meetings and applicant communication drop off.

Report on these Metrics

Take time to break into these metrics to discover your average pipeline speed and pinpoint where your process might be slowing down and hindering good hires.



Time to advertise an open position in all channels



Time to complete background checks (if needed)



Time to identify an acceptable candidate



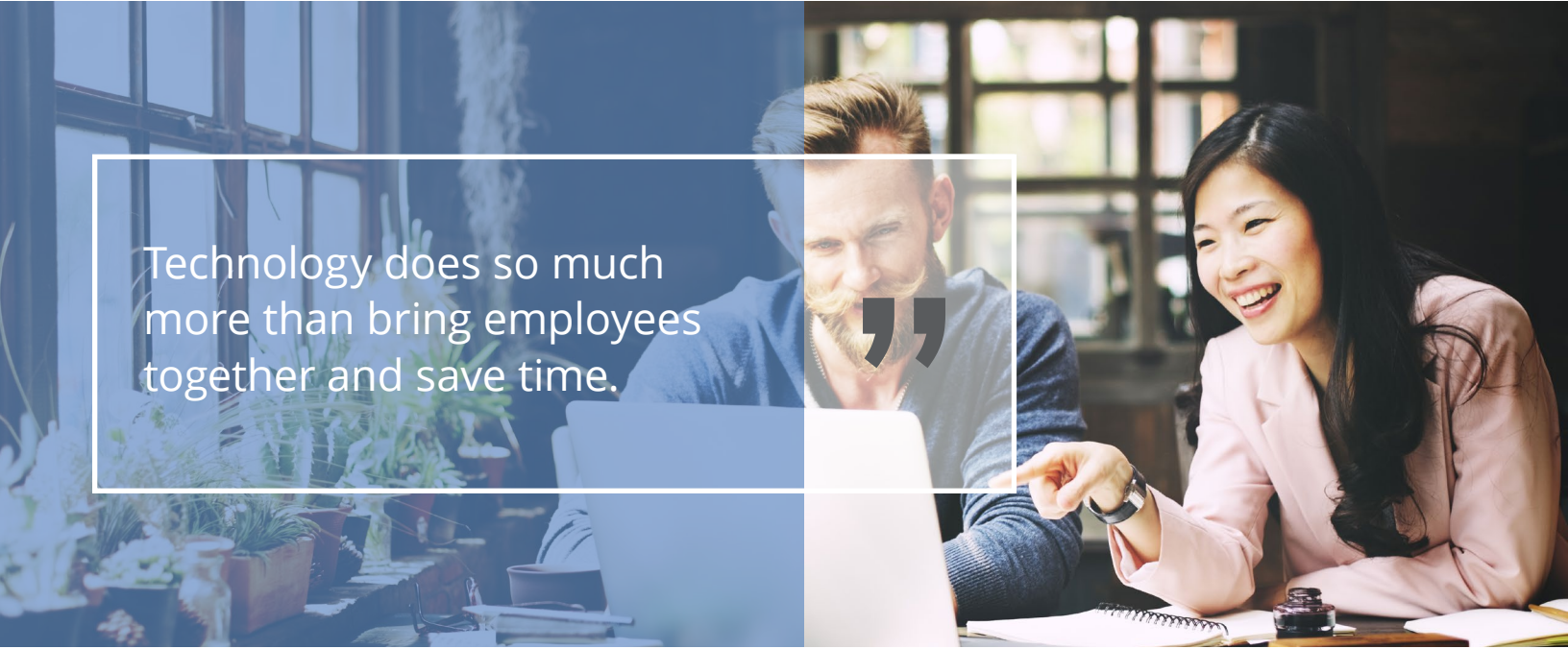
Time to create and extend an offer



Time to complete all interviews



Time for candidate to accept offer



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Source Reporting

Source reporting is tracking the place from which applicants find your job openings and apply to understanding where A-players are discovering your company.

Why You Should Care

Sourcing candidates is almost always a challenge for recruiting teams. Whether there is a lack of qualified talent or an overabundance of suitable applicants, finding hires always begins with sourcing. That means, if there is a way to discover which of your best hires and more qualified applicants are coming from, you could save team resources while more accurately targeting potential employees.

How to Use It Best

Finding the most lucrative recruitment channels your company has seen quality hires come from will help better allocate recruitment budget, lowering the risk of wasted funds and experiencing better return on investments. The analytical consideration of sourcing will guide company program development (employee referral programs, internal recruitment, career progression programs, etc) and the strategic approach to the pieces used in recruitment marketing (job ads, career pages, social recruiting, career fairs, etc). Make sure your team understands not only which sources supply the best candidates, but also how much those sources cost. Armed with that data, they can make qualified decisions on which sources are worth the investment.

Report on these Metrics



Ratio of qualified to unqualified applicants based on recruiting source



Candidate screening and interviewing feedback for cultural fit metrics



Percentage of qualified applicants from recruiting sources



Interview to offer conversion rate from recruiting sources



Percentage of hires from recruiting sources



Total spend by recruiting source



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Compliance

Compliance in employment refers to the rules and regulations provided by the government to ensure all people receive fair opportunity and treatment when seeking a job.

Why You Should Care

There is no need to mention the importance of remaining compliant in business practices, because without compliance, there really is no ethical or legal company. This is especially true in Human Resources, where human interactions (and errors) are business as usual.

How to Use It Best

Compliance should be used to bring about innovative opportunity and ensure the company is appealing to a broad range of employees and, in turn, customers and clients. When followed, the reputation of your brand, both internal and external, will not suffer and may even flourish.

Report on these Metrics



Analysis of internal audit results



Average compensation (salary, bonuses, etc)



Diversity statistics (gender, nationality, disability, etc.)



Compliance training hours and development



One of the biggest mistakes employers can make is underestimating the importance of **employment law and compliance.**

*Andre Lavoie,
CEO of ClearCompany*



Quality of Onboarding

Measuring the quality of the onboarding phase is critical to ensuring new hires are acclimating to their team, role and the practices and processes carried out in both. The effectiveness of an onboarding program can be seen in the overall new hire's engagement and satisfaction. By tapping into new hire feedback, onboarding successes and failures can be analyzed and acted upon.

Why You Should Care

If the right support is not given throughout those pivotal first weeks, the chances of turnover increase greatly, ultimately wasting valuable time and training resources. SHRM reports that 1 in 25 employees leave their new job because of the onboarding program, while companies with a standardized **new employee onboarding program** see 54% higher productivity rates.



How to Use It Best

Analyze key metrics to understand time-to-productivity for each new hire onboarded at your organization, and benchmark performance and overall quality for new hires against tenured employees by launching data collection automatically.

Report on these Metrics



Onboarding program cost [(time x rate per employee w/ benefits x number employees)] + **HR department cost / Number of employees**




Yield ratios (how many candidates are hired compared to how many remain after onboarding)



New employee retention rates (at what point within the first 6 months is turnover highest)



New hire survey



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30, 60, 90 Day Reviews

On average, it takes employees 6 months to reach full proficiency within their new position. However, part of reaching that performance level in 6 months is accomplished by focusing on early indicators of success. Evaluating how new hires are contributing to the organization, what their potential impact is on the organization and how engaged and satisfied they are in their new role should be a continuous process through incremental reviews.



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How to Use It Best

The new hire journey should be one full of mentorship, training and assessment. Frequent reviews, especially early on in an employee's career, will lead to a more engaged and productive employee. These scheduled reviews will present employees with the chance to voice concerns and challenges while allowing the manager to get a feel for any early signs of disengagement or career progression opportunities. It's in these first few months that management should be exciting hires with the culture and chance for internal professional growth.

Report on these Metrics



Amount of duties expected to be maintained incrementally



Minimum range for satisfaction of KPIs for each increment



KPIs expected to be met



Average point of employee proficiency



Percentage of responsibilities correctly handled



Employee survey results



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Goal Alignment

Setting goals that align on a larger scale helps assure your human capital is allocated toward the right projects and creates a standard for all involved. When companies align goals from all of the moving parts of an organization, they are able to collaboratively achieve overall objectives more efficiently.

Why You Should Care

Communicating business goals on a company-wide scale is considered the most effective and important way to build a high performing team by 69% of **top producing companies**. Aligning goals provides organizational transparency that's crucial to maintaining an engaged workforce. When employees can see how their work is part of the bigger picture, it increases productivity because with transparency comes demanded accountability for the entire team.

How to Use It Best

When it comes to goal alignment, it's important that the goal is openly discussed so that all pertinent teams can begin planning. No matter the size or how far out the expected end date is, building a timeline will help break the work into manageable tasks that are more easily presented to the team, department or company.

Report on these Metrics



How human capital is allocated in relation to unmet goals and goals ahead of schedule



Goal-based reqs to hire employees to fill holes in unmet goal schedules



Unmet goals



Goals ahead of schedule



Quality of Hire

Too long considered the major dividing line between sourcing, recruiting and HR, **quality of hire** can be defined many different ways. However, all may agree that employee productivity and the impact and contributions the employee makes to the long-term success of the organization are the foundation of quality of hire.

Why You Should Care

Obviously, hiring a quality candidate is important for the fact that a business is only as good as the people who work within it, but there's so much more to measuring quality of hire. When a quality hire or A-player is defined, the organization can begin to notice patterns in the sourcing, recruiting and managing of those employees. Faults in the system become clearer and the organization has the ability to clearly see areas of improvement or success.

How to Use It Best

The challenge with quality of hire is that there is not a "one size fits all" approach. What one organization sees as an exceptional employee/new hire will vary from another's. Deciding what is right for your company relies mostly on the culture and values of your workforce, mission of the business and what it takes to effectively accomplish goals in your offices.

Report on these Metrics



Pre-hire quality (scorecard results, source of hire, candidate conversion rate)



Post-hire quality (time-to-hire, revenue per employee)



Efficiency metrics (when the hire met/exceeded internal KPI requirements)



Retention rates (but weigh lightly as many factors are at play)



Cultural fit via 360 degree reviews and employee survey



Predictive Performance

Think of a top performer currently employed within your organization. The thought of cloning that employee has probably entered your mind once or twice, right? With predictive performance measures, organizations identify competencies shared by top talent and find ways to reach others with those commonalities.

Internally, the team will take into consideration the management styles and training processes those individuals underwent to continue providing similar successes.

Why You Should Care

Predictive performance metrics are the experiential findings that help your organization make better business decisions. For instance, if employee output increased exponentially after providing the option of standing desks, offsetting their cost for actual profit, the organization will probably continue to offer the perk.

Likewise, when a process change results in lowered performance, the organization rethinks the change. This is that thinking at work with a more solid, numerical approach. With predictive performance measured, employees and management have a clear window into the direction business decisions are taking the company.

How to Use It Best

Use of predictive performance will depend greatly on the technology the organization has deployed. ClearCompany's ATS, for instance, uses recruitment **metrics for predictive performance**, analyzing correlative data and top performer trait trends to guide everything from large hiring decisions and small interview question details.

The results should help leaders make less risky hiring decisions, avoid continued errors and build effective training and management programs.

Report on these Metrics



Candidate's ability to follow application and interview directions



Timeliness, preparedness for the screening process/ interview



Quality of resume and referrals



Pre-hire assessments and assignments

Continue leveraging your software to collect data and consider how that data translates to the above metrics. It's not about having all the numbers, it's about having the right ones. If this is the first time your company has taken an analytical approach to HR, it is important to know that patterns may not emerge immediately. This is especially true for the organizations who are new to collecting data in any facet. This process takes patience, but the knowledge and the devotion dedicated to the process will lead to will better business practices.

Ready to be a data-driven HR practice, but don't know where to start or what software is right for your team? ClearCompany's **applicant tracking system** is a great place to start seeing the patterns (and holes) in your talent acquisition process.



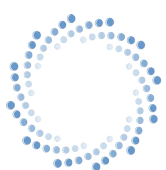
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