



The Financial Impact of People Analytics

THE JOURNEY OF VISIER CUSTOMERS
TO BUSINESS IMPACT

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Executive Summary

People analytics enables business leaders and people managers to make better informed decisions during hiring, compensation reviews, internal movement, and promotions. It can also mitigate risks, ensure compliance when coupled with learning and development options, and further enhance competitive advantage and innovation. And during a crisis, it gives leaders the ability to quickly react and keep employees safe, engaged, and productive.

In this report, we look at the quantitative value achieved by numerous organizations that have adopted Visier. It is based on over three years of research into customer stories that include a financial saving or revenue expansion.

These real stories describe the challenge, analytics used, insights gleaned, and actions taken to achieve these results. They cover moments that matter across the employee life-cycle of attract, develop, and retain, as well as key organizational activities focused on workforce planning, optimizing structure, and enhancing productivity.

There are significant moments that matter that drive value across the spectrum of the employee life cycle and organizational effectiveness activities. We will explore these in-depth in this report, and here are some highlights:

- Choosing the right people analytics solution leads to substantial cost savings over building a custom people analytics tool using BI, a reporting-type solution such as Tableau, or an embedded analytics HCM solution.
- The right solution scales the time and labor of data handlers and reporting and analytics staff, while delivering data-driven decision support to every business and people leader, in addition to HR and HRBPs.
- The “attract” or hiring process benefits from leaders having a holistic view of the entire employee lifecycle. For one organization, finding more top quality hires indicated they could increase revenue by \$37.5 million.
- Analysis of turnover that enables granular views and drivers has yielded improved retention of new hires, top performers, managers, and other key roles, leading to cost savings as much as \$15 million.
- Focusing attention on improving diversity and inclusion in hiring, development, and retention shows promise of improved profitability and revenue based on numerous aggregate studies.
- Strategic workforce planning results in less padding in staffing projections and plans, as well as decreased need for open requisitions, with savings from \$70 million to almost \$100 million.
- Analysis to optimize spans of control and layers yields reduction in million-dollar consulting costs. It also improves utilization of key resources as manager spans are increased or moved to individual contributor status.
- Productivity is likely the area that will deliver the most value to organizations. At one major healthcare system that developed a productivity index using analytics, they were able to save over \$100 million per year by reducing the number of open requisitions and the use of overtime and premium pay nursing staff.

When organizations take advantage of workforce data to inform their people decisions, research shows that they outperform those that don't.⁰¹

One way to measure the overall performance of companies at the aggregate level is by tracking and comparing two key financial metrics: return on equity and revenue per employee. When a company earns a return on equity in excess of its cost of capital, it adds value.

For the fourth quarter of 2019, the average return on equity across all industry sectors in the U.S. was 15.4%.⁰² For publicly-traded Visier customers, the average return on equity was 23.6%, more than 50% higher.⁰³

Aggregate performance can also be measured by revenue per employee. Visier customers generate an average of \$775,364, outperforming the average revenue of \$650,797 of all U.S. organizations by 19%.⁰⁴

The 2008 economic downturn showed that during a recession, revenue growth is replaced by profit sustainability and for some, profit growth. Profit is impacted by cost savings and this report shows Visier customers achieve extraordinary cost savings. So, whether we are in a recession from crisis, budgets are tight, or the economy is growing, people analytics will help organizations outperform.

Visier customers outperform

ALL U.S. ORGANIZATIONS

15.4%

Return on equity

\$650,797

Revenue per employee

PUBLICLY TRADED VISIER CUSTOMERS

23.6%

Return on equity

\$775,364

Revenue per employee

CHAPTER 1

Moments that Matter

After deep research in 2017 into Visier customers' use of people analytics and workforce planning for the prior two years, we concluded that they were on a journey to value starting with:

- Adopting Visier and achieving **technology cost efficiencies** compared to other technologies and saving existing reporting and analysis labor costs as they scale their efforts by moving away from heavy data handling to more strategic and analytical roles;
- Then focusing on analytics that make **HR more effective** that improve its processes, its programs, and its key metrics, and then;
- With that experience they go after achieving **business outcomes and metrics** critical to the C-level where they could achieve hard-dollar improvements in profits, revenue or industry-specific metrics such as improved patient satisfaction.

We also showed that, as with countless other survey efforts looking at organizations in the aggregate, that organizations adopting people analytics outperform those that don't.

In this 2020 review of the financial impacts of adopting Visier, customers continue to outperform the market. Even organizations just getting started are on a similar journey from efficiency to effectiveness to achieving business outcomes.

However, from a deeper review of customer stories over the past three plus years, we see there are moments that matter that drive significant financial value along the employee lifecycle processes of attract, develop and retain. These are most deeply impacted by employee experience work, and key organizational effectiveness activities such as workforce planning, enhancing productivity, and optimizing organizational structure.

This report highlights that higher dollar impacts result from the organizational effectiveness activities that are often one-time efforts. However, the myriad of moments that matter that drive value in the employee lifecycle continuously add value from ongoing analytics efforts and thus are equally, if not, more important.

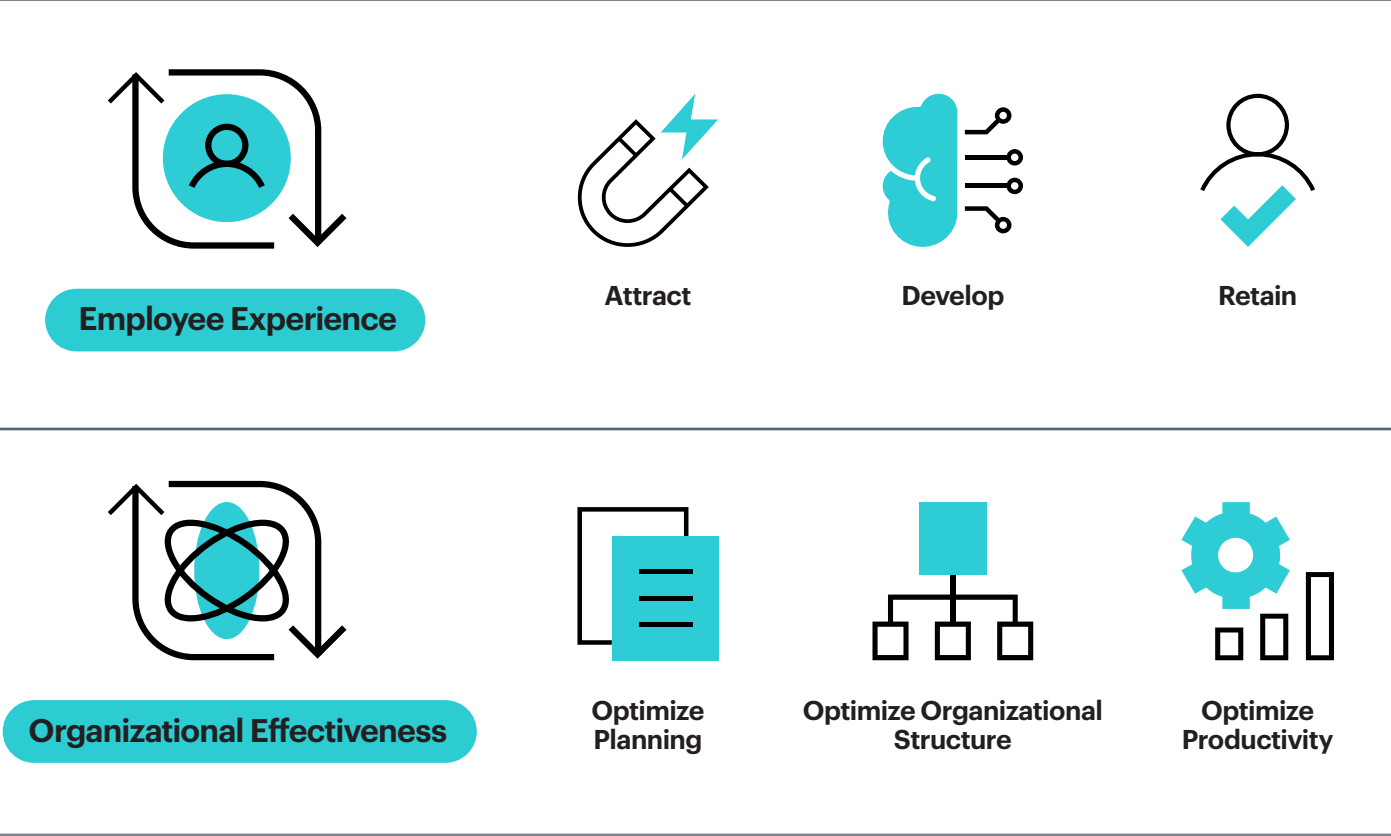


Figure 1. Moments that matter that drive value in employee experience and organizational effectiveness.

CHAPTER 1.1

People analytics journey to maturity and value

A maturity model helps organizations assess how well they perform against maturity benchmarks. Previous models have focused their assessment around the types of analysis an organization can perform, with the lowest level being a complete lack of analytics, followed by manual reports typically not including analytics at all, and, at the highest level, prescriptive models.

Visier's integrated maturity model⁹⁵ focuses on the organizational leaders' ability to find answers, the integration of data from HR and non-HR systems across the business, the expansion of users from the analytics team to HR and to business leaders, and the strategic prioritization of people analytics in the business (Figure 2).

A mature organization will have analytics embedded within regular processes and give all business and people leaders access to analytics to make agile decisions. A mature organization will also create extensive and continual value from people analytics.



Emergent

Focused

Strategic

Transformational

Figure 2. The four stages of people analytics maturity.

Emergent Organizations

Emergent Organizations are in the early stages of their journey toward data-based decision making and don't have a systematic approach for gathering, reviewing, and sharing workforce data. They may be using spreadsheets to collect, sort, and share data, and their workforce metrics are likely non-standard.

These organizations may be using only the reports automatically provided by their operational systems, such as an HRMS, ATS or LMS, but these reports are not analytics. Their ability to find data to answer questions is minimal. There is no integration of data, no significant set of users, and no strategic prioritization of analytics in the business.

VALUE ACHIEVED
AT THIS STAGE

None

Focused Organizations

Focused Organizations are also in the early stages of their people analytics journey, but they are starting to get some of the key pieces in place and looking to understand people trends. They may have a set of standardized metrics and measures that augment their ability to find answers to questions and they may have started to integrate data sources. They are regularly producing reports or dashboards for HR and leadership.

The reports produced at this stage are likely static and do not allow end users to probe the data for further insights. This means all follow-up questions come back to the people analytics team. They may manually be pulling data between multiple systems and relying heavily on IT and BI resources for complex analysis. This is a time-consuming process as demand is exceeding the team's ability to deliver analytics at scale. Nevertheless, analytics is becoming a priority and these organizations are starting to think about scalability.

VALUE ACHIEVED
AT THIS STAGE

Minimal

Results are usually shared
within HR only.

Strategic Organizations

Strategic Organizations have made investments in people analytics to enable business and people leaders to find answers to questions with data and analytics. They are comfortable reviewing and analyzing workforce data. They use data to diagnose why things have happened in the past, where they are today, and they are beginning to understand trends.

These organizations have started to scale this insight to all leaders and are using the information to make strategic workforce decisions and solve business problems.

However, the integration with non-HR systems is limited and done on a one-off basis. As these organizations begin to build a sustainable people analytics practice that can be delivered at scale, they need to automate basic capabilities so the team can focus on advanced models and prescriptive analytics. Continued focus on data quality, process, and the ethical use of data are critical as they build a sustainable practice.

VALUE ACHIEVED
AT THIS STAGE

Substantial

Includes at least one project of significant value that catches attention of executives and begins to turn organization towards a culture of data-driven decision-making.

Transformational Organizations

Transformational Organizations have built their people analytics capacity to answer business problems strategically, scalably, and sustainably. People analytics is a core piece of their business strategy. It contributes to their competitive advantage. They have the right people and technology in place and are focused on good process and governance.

They have integrated data from many of their HR systems and are connecting their people data to business outcomes including sales data, financial planning data, operational data, and more. This means they have created strong alignment and fostered collaboration between the analytics team, HR and Finance. Anyone doing analysis can drill down into the data to ask follow-up questions to address their strategic needs. Their practice is scalable and sustainable so insights continue to be delivered as changes occur—whether it be new systems, new strategy, or a complete reorganization.

They are using predictive analytics and machine learning to prepare their business for the future. They can identify red flags before they become red alerts. The people analytics team is focused on solving differentiating business problems, while everyday people analytics are available for all leaders across the organization through a self-service analytics solution, making analytics a part of day-to-day decision making as well as strategic initiatives.

VALUE ACHIEVED
AT THIS STAGE

Changemaking

The value achieved is pervasive across HR processes and organizational activities.

People Analytics Journey to Maturity and Value

	EMERGING ORGANIZATIONS	FOCUSED ORGANIZATIONS	STRATEGIC ORGANIZATIONS	TRANSFORMATIONAL ORGANIZATIONS
ABILITY TO FIND ANSWERS	Minimal	Occasional	Investing	Core to strategy
INTEGRATION OF DATA	No integration	Beginning	Limited; one-off	Extensive, including business outcomes
USERS	Few	People analytics team only	Beginning to scale to business and people leaders	Self-service solutions for business and people leaders for their own analyses
STRATEGIC PRIORITY	Planning for	Early stage	Building sustainable practice	Part of both day-to-day decision making and strategic initiatives
VALUE ACHIEVED	Minimal	Minimal. Focused on HR only	One-off analytics project that delivers business value	Extensive and continual business value across HR processes and organization activities

Figure 3. People analytics journey to maturity and value.

CHAPTER 2

Technology & Labor Cost Efficiencies

At the beginning of any people analytics journey to maturity, the connection to one key business outcome is straightforward: **If the right technology reduces existing or planned expenses, it will increase profits by the equivalent amount.**

Choosing the right technology can provide potential cost efficiencies of one alternative over others. By answering several questions, one or more of the cost efficiency options mentioned below are possible:

- Does the right technology cost less than the alternative of build-it-yourself or an embedded analytics solution?
- After implementation, will it be cost effective to continuously integrate additional sources of data such as business outcomes and operational data?
- What is the impact on labor costs for reporting and analytics activity?
- As we mature, can we continue to scale broadly among our business and people leaders while creating additional insights and avoiding large additional costs?

CHAPTER 2.1

Avoiding the build-it-yourself icebergs

Some organizations that consider implementing a business intelligence (BI) solution find these costs are high. Likewise, the costs of an embedded analytics solution without a specific focus on people analytics can be both high and ineffective. The analysis below shows Visier is the more cost effective solution.

Visier vs. BI solutions

A seminal study by IDC⁶⁶ found that the average price for building a data warehouse, more recently referred to as a data lake, is \$2.3 million. The high cost is unsurprising when the visible and hidden components are itemized as shown in the figure below on the left. In a Forrester study of Tableau⁶⁷, comparing its costs to PowerBI for a very specific use case of 100 content creators and 1,000 content consumers, Tableau costs were \$20.9M vs. \$26.9M for PowerBI.

The Tableau use case is not applicable to Visier People[®] as the latter is a purpose-built content creator and there is no limit to the number of content consumers, including people and business leaders. Some of Visier's larger customers have extended access to over 8,000 business and people leaders and all have paid considerably less than 50% of the Tableau cost.

Further, if an organization has already set up a data warehouse, HR must convince IT to also build a warehouse and set up a system for people analytics. Such projects typically have a long implementation period, which can mean HR will not have its needs met for several years. Project team members need to set up the technology and also work with stakeholders to align definitions of the data from all the systems, agree on the right way to measure values, and ensure the stakeholders understand the reports they create.

With Visier, there are 900 pre-defined metrics and pre-built questions and data flows mapped to guide organizations through their analysis to achieve insights to drive actions to create results.

The considerable decision-making that needs to take place—in terms of definitions and measurements, and to build alignment specifically with Finance—adds significant time and costs to adapting a business intelligence project for people analytics.

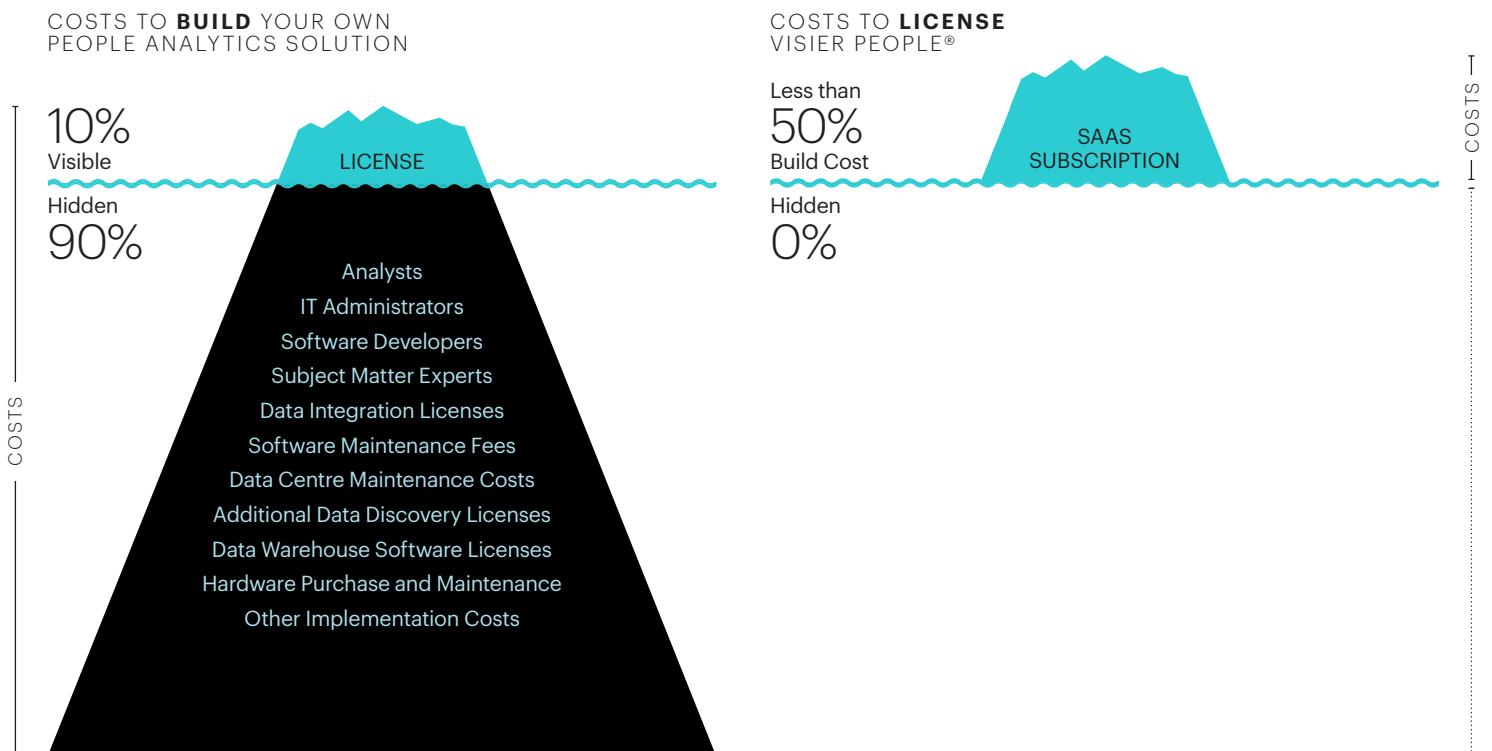


Figure 4. The cost to build your own people analytics solution versus licensing the Visier People solution

Visier vs. Embedded solutions

Choosing to go with the analytics embedded in your enterprise HCM solutions has numerous associated costs that can also be minimized with a solution purpose-built for people analytics.

Most enterprise HCM solutions are essentially a single silo of data. Yet, workforce data lives in many disparate systems. A single system must be able to accommodate absence and leave information, contingent labor data, learning data, engagement data, sentiment data, and, most importantly, business outcome data (without this it's virtually impossible to optimize workforce productivity).

The built-in cost of integrating new data sources was why the **City of Edmonton** chose Visier. With other vendors, the city would have had to pay for consulting and implementation for each data source to its people analytics system. With Visier, the City of Edmonton was able to unify all of its workforce data and continues to procure other workforce systems and add their data to Visier. The value to them is they have a single source of truth of all data for analytics and they have freed up reporting and analytics staff as they continue to scale. Visier assists customers as their needs change over time, whether adding new analytics, transformations of processes or technology ecosystems, and other changes to the customers' business context.

HCM solutions have no connection to business outcomes. To help leaders understand how people programs contribute to business results, an effective people analytics solution needs to add financial, customer, and operational data to the mix. It's important not just to know turnover, but also how retention will yield profit. HCM solutions that are not purpose-built for people analytics cannot do this without further investment of time and money.

Visier People delivers value better than other approaches

Visier People costs are typically ~30% to 50% of the cost of building a custom people analytics solution using BI, a reporting-type solution such as Tableau, or an embedded analytics HCM solution. With Visier, an organization can be up and running much faster than with these other approaches.



CHAPTER 2.2

Labor cost savings for reporting and analytics function

Visier generates substantial labor cost efficiencies for the reporting and analytics group. Below are real-life examples:

At Micron, a semiconductor manufacturing company, the people analytics team is using Visier to provide workforce insights directly to leaders—giving them a way to test hypotheses and avoid making decisions based solely on anecdotal evidence. The time required to prepare customer analysis has been reduced from hours to seconds, which in turn has also allowed HR business partners to work more efficiently. To provide the same level of support without Visier, the analytics team would have needed to hire up to four more staff at an annual cost of approximately \$500,000.

A financial services customer where the head of HR operations can now pull a headcount report in less than two minutes that used to take 12 minutes from an HCM. This time savings is amplified for every user.

By using Visier, the people analytics team at Electronic Arts—a global video game developer—estimates that it saves about 24 weeks of labor per year, or half a year's time of a senior analytical resource.⁰⁸ The reduction in labor is due to Visier's ability to automate manual report generation and quickly deliver analytics that would have otherwise taken much more time to produce.

The efficiency gained from using Visier to automate the delivery of reports and insights also provides a strategic impact. Before implementing Visier, many people analytics teams say they used to spend the majority of their time extracting data, manipulating it, and developing reports, which left little time for true analytics or strategic consulting. Because of the automation Visier provides, they are able to spend more of their time on strategy instead:

The people analytics team at Commonwealth Bank in Australia⁰⁹ says it used to spend 50-60% of its time analyzing, creating, and iterating on a wide range of workforce reports and metrics such as turnover and manager stability. With Visier, the team no longer needs to spend half of its time building reports and instead is free to focus on strategic business issues.

At one leading U.S. financial services organization, the head of the people analytics team says that Visier helped its HR department to shift from being operational to being strategic—a common goal as more companies urge their HR leaders and HRBPs to align with business strategy. The team estimates that it used to spend 60% of its time on data collection and reporting and only 10% on strategy. After implementing Visier, it now only needs to spend 10% of its time on operational reporting, and now spends 70% of its time on being strategic and acting as a catalyst for change within the organization.

A not-for-profit healthcare organization with over 50,000 employees¹⁰ developed a program to enable their HR business partners to deliver quantifiable business impact. Its evidence-based partner consulting model consists of a three-pronged approach to ensure this impact: It has a toolset, including Visier, that HR uses to bring data, analysis, and insights to the forefront of problem solving. It has built a skillset in the appropriate use of the toolset, along with developing consultative HR competencies applied to problem-solving and developing storytelling capabilities. It is also impacting mindset—a business-focused approach to problem-solving, one that uses the toolset and skillset in partnering with leaders to drive outcomes and success in meeting the organization's goals and objectives.

Data democratization

The alternative solutions referenced in section 2.1 have no scalable way to democratize data. We see many large organizations with very sophisticated solutions, but these are used primarily by data scientists. Without substantial effort, these cannot be rolled out in a self-service mode directly to business and people leaders to build evidence-based decision-making muscle while respecting data privacy.

In *The Age of People Analytics: Survey on Characteristics, Value Achieved, and Leading Practices of Advanced Organizations*,¹¹ a key difference between advanced people analytics organizations and those getting started is that HR is no longer the primary user—users now also include executives, people managers, and board members.

These advanced organizations see better business outcomes. Specifically, in the value chain analysis explained in *Age of People Analytics*, we show that organizations that increase their number of user types to include those beyond the analytics team and HR have improved financial performance.

Experian

The self-service nature of Visier means that at Experian¹² the workforce analytics team no longer spends its time developing reports for other areas of the business and can instead focus their time on analysis and predictive modeling. Overall, the team has seen a 65% reduction in requests, enabling them to spend more time on higher value tasks.

Merck KGaA

Merck KGaA¹³ has rolled out Visier to approximately 3,500 leaders supported by a relatively small team that focuses its time on advanced analytics.

Providence St. Joseph Health

Providence St. Joseph Health¹⁴ reports over 8,000 leaders have Visier access with successful decision-making support from a people analytics team of two.

CHAPTER 3

Employee Experience in the Moments that Matter

Most organizations' key challenges are to effectively attract, develop, and retain key talent to meet their objectives. Analytics can improve and create value in support of these three major employee lifecycle processes, which are all deeply impacted by employee experience work. To the extent that these processes can be improved through analytics, they can substantially impact and improve the employee experience while delivering value to the organization.

CHAPTER 3.1

Attract

In terms of attracting employees, talent acquisition analytics can help organizations identify attributes that produce long-term, high performing employees. It can help organizations know where they get their best candidates and whether they are losing people in the acquisition funnel. This enables organizations to optimize spend on recruiting activities and the pipeline of candidates. It can also pinpoint the right attributes for future candidates to maximize the recruiting investment. Analytics associated with candidate activities can shed light on employee experience work and help organizations improve candidate experiences.

Talent acquisition analytics is often focused on improving the hiring process and optimizing the spend on sources of hire such as job boards, university recruiting programs, or referrals. However, the bigger opportunity comes from having an end-to-end view of the recruiting pipeline that goes beyond “attract” processes. With a holistic analytics view of the employee lifecycle, organizations can identify their top performers—including their characteristics and hiring source—and use this information to hire more future top performers who will contribute more to increasing revenue and profit.

Better hiring process leads to 14% increase in new hire retention

A financial institution¹⁵ knew they needed to improve their hiring process because of irregularities within their pipeline. They reviewed their hiring practices by analyzing each hiring manager’s time-to-hire rates and discovered that efficiency was a key indicator of success. Hiring managers that had an efficient and transparent process successfully hired candidates as opposed to hiring managers with a cumbersome process. Additionally, the HR team found that new hire retention was directly correlated with the candidate experience and with retention. New hires who had undergone the efficient process had a higher chance of staying with the company after six months.

The institution implemented a standardized hiring process inspired by the success of their efficient hiring managers. This step ensured that every candidate would have the same quality and transparency in their hiring experience. Not only did the bank improve their candidate experience, the bank’s new hire retention improved by 14%. Cost savings from this retention includes direct savings from reduced hiring, onboarding and training costs.

Better quality of hire connects to \$37.5M additional revenue

One Visier prospect in the retail industry made its case to use Visier to increase the quality of the candidates it chose to hire, as this would, in turn drive revenue and save expenses. When justifying making its investment, the retailer calculated that increasing new hire sales by \$50,000 in their first year, for them a 7% increase, would drive an extra \$37.5 million of sales every year.

The company planned to analyze the efficiency of the talent pipeline to track the effectiveness of recruiters and recruiting programs. It can use Visier to compare the experience, background and pay level of candidates from each hiring source and ultimately, determine which sources provide the best performers and create the most revenue. It also expects that by having a holistic view of existing employees, it can feed better information about top performers back into the hiring process.

CHAPTER 3.2

Develop

In terms of developing employees, companies can start by optimizing training modes and sources. Is a specific training modality more cost effective? Can a specific course be correlated with higher revenue for employees attending the course? What is the ROI for any development activity?

Learning analytics that connects the impact of training and development on business outcomes enables organizations to ask the right questions and get the right answers on whether training improves sales, decreases turnover, and more.

Upskilling leads to \$2.5M in revenue and lower turnover

First West Credit Union¹⁶ tried different interventions to reduce their turnover: pay increases, improving onboarding, training managers to set reasonable career expectations, and additional training. They then did an ROI analysis on each intervention and found that upskilling their retained employees with additional training led to increased revenue—\$200,000 per retained employee and a total return of \$2.5 million.

While both a turnover story and a learning story, an additional point here is the value of measuring the ROI not only of reducing turnover, but also the impact of interventions and the importance of measuring them as well. In this case, the intervention that delivered the biggest impact was additional development. There is clearly a long tail to people analytics work!

Expanding learning effectiveness measurement

To measure and build learning programs more strategically, Pitney Bowes' HR team is planning to track more than course completions.¹⁷ For example, Visier People: Learning can help determine which products people have learned how to use, enabling managers to determine whether an employee has completed the right training before going on a service call.

The company's HR team is also planning on tying their sales training data more closely to business metrics. They will use the data to answer key questions, such as whether people who completed a certain type of training have reached their sales quota.

CHAPTER 3.3

Retain

People analytics is used extensively to retain employees, often by first addressing turnover issues, but also to improve employee engagement, achieve fair pay, and foster diversity and inclusion.

Employee turnover reduction

Mitigating turnover has been one of the most effective applications of people analytics with substantial associated cost savings. For example, looking at the aggregate impact of manager turnover reduction, across all our customers with analytics in place for at least two years, they have reduced manager turnover by 17% compared to the market.¹⁸

In an organization with 10,000 employees the potential cost savings from direct cost savings, lost productivity and lost revenue is over \$4.5 million.¹⁹

This kind of significant reduction in turnover is possible when organizations focus on a particular role or set of employees. The value of targeted retention is well understood as shown by these organizations:

- A biotechnology firm saved 20% of their own annual recruiting budget through a new talent analytics program, which has enabled them to revamp and fund their entire TA brand and marketing programs
- Pitney Bowes²⁰ reduced truck driver turnover by 10%
- Experian²¹ experienced a 3% global voluntary turnover reduction, which translates to an conservative estimate of \$14M in savings a year.
- A specialty hospital²² saved \$15 million, with much of this accruing from a focus on reducing new hire turnover.
- Sabre²³ reduced turnover from 9% to 7.5% when focusing on regrettable attrition of high potential employees.

Compensate Fairly

Visier customers improve the effectiveness of HR by analyzing compensation practices and optimizing them to drive the best results.

Getting a holistic picture of compensation

Some organizations, such as Micron, evaluate employee performance, tenure, and other factors in comparison to business impact to decide how to distribute compensation and equity. To discourage attrition, managers see whether top performers are compensated fairly and discover which regions are good targets for higher increases in compensation.

Comparison analytics leads to better decision-making

A biotechnology firm uses Visier and high-end modeling tools to project short-term (up to six months) critical positions against a rolling long-term three-year projection of headcount. They can thus plan for talent shortages by allocating the proper resourcing to support gaps in the model. The team leveraged the workforce planning process for the first half of 2019 to quickly identify an extra 380 headcount that was dispersed across the organization. This ability to preemptively identify and mitigate individual units at the cost center level, on a month-to-month basis, has proven to be a strategic driver for the company.

Minimum wage analysis leads to 2.5% decrease in turnover

Another part of addressing retention is to ensure a fair minimum wage or to ensure pay is adequate to retain staff in a given labor market.²⁴ At one speciality healthcare organization, one of their most successful retention concepts was their Living Wage initiative. The HR team used Visier to measure the impact of the campaign, with specific focus on comparative results. They discovered that people in the same role but earning less than \$14 per hour were more likely to leave the hospital than those people who earned an hourly wage of \$14 or more. It turned out that a very slight increase in hourly wage was a powerful retention approach and far less expensive than the cost of chronic turnover. Based on this the HR team drove down first year voluntary turnover from 17.8% to 15.3%.

Diversity and inclusion efforts show promise for significant value

To date, there is irrefutable proof that at an aggregate level, a focus on diversity and inclusion improves retention, retains and grows revenue, and improves innovation (which also drives revenue).

Aggregate studies from McKinsey²⁵ and others show improved profitability and revenue from more diverse leadership. The link to financial improvement is difficult to prove conclusively in a single organization, but these aggregate stories tell the potential.

We recently released our own aggregate research report²⁶ showing that, over the past two years, Visier customers have:

- Improved their female leadership ratio to males by 11.5%
- Improved their retention of female leaders by 70%

These key findings show that analytics and dedication to proactive diversity and inclusion programs are helping to increase female leadership retention, improve diversity, and address inclusion inequity in all phases of business operations, processes, and activities.

Merck KGaA²⁷ uses Visier to continuously track progress on diversity and inclusion. At the end of 2018, women occupied 32% of leadership roles (manager-level and above) group-wide at the organization, which means that it exceeded its 2021 target of maintaining a 30% representation of women in these positions.

Accenture²⁸ reports: “Many of our clients are finding that focusing on inclusion opens up meaningful segments of the market that they would have otherwise missed. They are learning that customers are already shopping based on their values. In fact, 41% of shoppers tell us that in the last year, they have shifted at least 10% of their business away from a retailer that does not reflect how important I&D [inclusion and diversity] is to them:

- 42% of ethnic minority shoppers would switch to a retailer committed to I&D
- 41% of LGBT shoppers would switch to a retailer committed to I&D
- 55% of shoppers would switch if a retailer does not take responsibility for its own negative I&D incidents

Customers shifting away from organizations known for a lack of D&I efforts will have a negative impact on their bottom line in terms of reducing shareholder value.”

A further impact on the bottom line stems from the risks associated with discrimination, harassment, and pay inequity. Many large US corporations have made payouts in lawsuits since 2000 at a cost of nearly \$20 billion.²⁹ When lawsuits cause an impact on stock prices and the media take notice, corporations respond with diversity-enhancing measures.

CHAPTER 4

Organizational Effectiveness

Significant value is also delivered from people analytics and workforce planning on key organizational effectiveness activities. These include optimizing planning, organizational structure, and productivity.

CHAPTER 4.1

Optimize planning

Organizations with people analytics already possess useful workforce data that can immediately be analyzed to understand the current state of the workforce and inform discussions on talent needed to meet business objectives. Combined with workforce planning, other factors that can be analyzed include costs, hiring trends, attrition, and the economic and business factors that drive them.

This rich information provides a complete view of talent and costs, and can be used to model scenarios to determine which are optimal for achieving objectives. Further, companies can conduct workforce planning on an ongoing basis rather than the typical annual planning process, which has often encouraged organizations to pad workforce staffing projections. A more agile and ongoing planning process among Visier customers results in significantly less padding and also less need for open requisitions and associated recruitment costs.

Accurate workforce planning saves \$97M

A financial services organization used Visier to considerably improve its workforce planning process. It reduced its workforce planning cycle by 25%, improved the accuracy of its hiring plan from 78% to 95%, and increased the accuracy of its headcount plan from 60% to 95%. This translated to a significant increase in precision. In the first workforce plan created with Visier People: Planning, a plan that had previously been padded by over 1,000 headcount showed that the actual headcount needed through year end was within 30.

At an average headcount cost of \$100,000, that translated to an additional \$97 million that the organization was able to invest elsewhere immediately, instead of waiting until later in the year.

Improved role projection leads to \$4.5M in recruitment savings

The Talent Acquisition (TA) team at a biotechnology company developed an all-encompassing TA and workforce planning methodology using Visier People and a wide range of other functional systems, including financial, marketing, and candidate-based datasets.

On a monthly basis, the TA team³⁰ conducts a turnover and growth analysis that is compiled into a scorecard report. In parallel, a workforce plan is created, paying special attention to anticipated headcount for the year, month over month headcount changes, and predictive model overlays.

The team leveraged this workforce planning process for the first half of 2019 to quickly identify an unnecessary headcount of 380, dispersed across the organization. The improved role projection equates to tens of millions of dollars in operating expense reclassification based on fully loaded cost estimates. The team also saved an additional 20% of their own annual recruiting budget for a total of \$4.5 million.

CHAPTER 4.2

Optimize organization structure

In terms of organization structure, optimizing spans and layers leads to cost reductions and optimizing span of control appears to lead to improved revenue.

Optimizing spans and layers delivers \$140M in savings

One customer organization³¹ doing spans and layers analysis, and then continuously monitoring to ensure optimization is maintained, reduced its manager headcount from 30% of its workforce to 15%. Through eliminating 400 positions, they likely achieved about \$140 million in savings. Using Visier People on an ongoing basis led to avoiding the use of expensive spans and layers consulting. This consulting cost would have been about \$1 million initially and \$500,000 to maintain annually.

Smaller span of control for sales teams

Merck KGaA³² set out to find the most effective team size that delivers the highest commercial performance. They combined data linked to performance management and various spans of control and matched this with sales outcomes for each team size range. They quickly found no magic number exists for their span of control. Some leaders will succeed with more than 20 reports, while others will need to have less than five. However, for direct sales teams, they found these teams perform better with a smaller team size.

The analytics team and HR business partners met with business leaders to evaluate various team sizes and structures, the costs of actions such as promoting more sales people to become managers, and the impact of a higher manager ratio on personnel costs. These additional analyses were done so people leaders could make their own fact-based decisions around whether they wanted to adapt their organization to be more agile and networked or to maintain traditional team structures armed with knowing the proposed performance of each option.

Natural attrition instead of a RIF leads to savings of \$400,000

A major health system³³ needed to do a reduction in force (RIF) at two of its hospitals due to changing patient populations. It's union agreement indicated that the last hired must be the first out, so new nurses would be the focus of any reductions.

An analysis looked both at the costs to acquire and retain new nurses and retirements compared to other locations. The analysis indicated that there was a higher proportion of nurses ready to retire in these hospitals. The direct costs of laying off the new nurses would have been \$1.5 million.

By letting natural attrition take place, this healthcare organization did not need to let a single new nurse go. They ended up saving \$400,000 as a direct cash saving. Additionally, the overall value back to the business was substantially higher in terms of being considered a great employer and place to work.

CHAPTER 4.3

Optimizing productivity likely the largest value going forward

In the previous section, we saw how linking spans to performance has a promise of improved revenue. For this value proposition, we see that linking actual hours spent on activities to an optimal target time and then monitoring against this index improves productivity. Perhaps the ultimate nirvana of applying people analytics is that organizations can optimize the key metric for them—productivity.

One healthcare organization reports having saved \$500 million over three years through creating and monitoring a productivity index to deliver hospital services.

To efficiently adjust and optimize costs of staffing to needed service levels, the organization defined the expected level of hours for patients with a particular case diagnostic and its required set of services. The productivity index, consisting of the ideal level of care (target work hours) and actual patient care time (actual work hours), is monitored by region, location, and other breakdowns. A low index indicates too much time spent towards a service while a high productivity index suggests time spent is on target and yields desired productivity.

With this index, they are now staffing more appropriately to ensure there is no or reduced overtime use and that they can limit the need for on-call nurses (visiting nurses at premium labor spend). Their goal is to keep overtime and contract labor expenditures at or below 2.5% of the overall labor spend.

A secondary benefit is a dramatic decrease in the number of open requisitions to be recruited. Before monitoring productivity, hospital units hired on gut feel because they didn't think they had enough people to deliver services. Now, unit managers can only open a requisition if the data shows productivity is above a certain threshold, thus ensuring that a position really does need to be filled. HR was able to close 8,000 requisitions as a result over a two-year period.

Summary of Value

The quantitative value that Visier customers gain from Visier People comes in the form of technology and labor cost efficiencies, labor cost savings, moments that matter across the employee lifecycle, and organizational effectiveness activities.

The strategic value beyond these areas that have resulted in cost savings and revenue growth are also substantial. Being able to enable Visier customers to keep their employees safe, engaged, and productive during a crisis, such as the COVID-19 pandemic, are inestimable. Enabling business leaders and people managers to make more informed decisions about hiring, compensation, internal movement, and promotions can mitigate risks, ensure compliance when coupled with learning options, and further enhance competitive advantage and innovation.

The economic impact for each organization is a function of many factors. The common thread is that when organizations adopt Visier, they see a significant impact as summarized below.

Summary of Value

TYPE OF SAVINGS OR REVENUE ENHANCEMENT	ANNUAL SAVINGS PER ORGANIZATION	PER EMPLOYEE (IF APPLICABLE)	SOURCE
TECHNOLOGY EFFICIENCIES			
BUSINESS INTELLIGENCE DEPLOYMENT COSTS AVOIDED	\$2,250,000		The Economic Impact of Visier People ³⁵
SAVINGS FROM REPLACING LEGACY ANALYTICS PLATFORM	\$336,000		The Economic Impact of Visier People ³⁶
DATA INTEGRATION COSTS AVOIDED	\$240,000		The Economic Impact of Visier People ³⁷
LABOR COST EFFICIENCIES			
HR LABOR COST SAVINGS	\$60,000		The Economic Impact of Visier People ³⁸
EMPLOYEE LIFE CYCLE ACTIVITIES			
ATTRACT			
REDUCED TALENT ACQUISITION SPEND	\$4,500,000	\$5,844	Biotechnology company ³⁹
DEVELOP			
REVENUE UPLIFT FROM RETAINED EMPLOYEES RECEIVING ADDITIONAL TRAINING	\$2,500,000	\$125,000 PER RETAINED EMPLOYEE	First West Credit Union ⁴⁰
RETAIN			
SAVINGS FROM REDUCED TURNOVER (RANGE)	\$2,500,000 TO \$15,000,000	\$3,200	Pitney Bowes, ⁴¹ Experian, ⁴² First West Credit Union, ⁴³ Sabre, ⁴⁴ Healthcare organization, ⁴⁵ Healthcare organization ⁴⁶
ORGANIZATIONAL EFFECTIVENESS ACTIVITIES			
PLANNING			
CASH FREED FROM IMPROVING WORKFORCE PLANNING ACCURACY	\$97,000,000	\$5,105	The Economic Impact of Visier People ⁴⁷
REDUCED NEED FOR ROLES FROM IMPROVING WORKFORCE PLANNING	\$70,000,000	\$7,368	Biotechnology company ⁴⁸
STRUCTURE OPTIMIZATION			
REDUCED SPEND ON EXTERNAL CONSULTANTS PROVIDING SPANS AND LAYERS ADVISORY SERVICES	\$500,000		Financial services company ⁴⁹
OPTIMIZING SPANS AND LAYERS	\$140,000,000	\$155,556 PER RETAINED EMPLOYEE	Financial services company ⁵⁰
USING NATURAL ATTRITION INSTEAD OF A RIF	\$400,000	\$16,000	Healthcare organization ⁵¹
IMPROVING PRODUCTIVITY			
MONITORING PRODUCTIVITY INDEX TO OPTIMIZE STAFFING	\$166,666,667	\$13,021	Healthcare organization ⁵²

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About Visier

Visier's purpose is to help people see the truth and create a better future, now.

Visier was founded to focus on what matters to business people: answering the right questions, even the ones a person might not know to ask. Questions that shape business strategy, provide the impetus for taking action, and drive better business results.

Visier delivers fast, clear people insight by using all the available people data—regardless of source. With best-practice expertise built-in, decision-makers can confidently take action. Thanks to our amazing customers, Visier is the market leader in Workforce Analytics with 5,000 customers in 75 countries around the world.

For more information, visit visier.com



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