METRICS FOR MEASURING HR EFFECTIVENESS - HR SCORE CARD

Uchenna Bassey
How does HR Add Value to organization (alignment with organization goals)

How is effectiveness of HR measured
**Alignment of HR with Organization**

<table>
<thead>
<tr>
<th>Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>What are our strategic and organizational objectives?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Distinctive Competence</th>
</tr>
</thead>
<tbody>
<tr>
<td>To achieve our strategy, what are the key things we need to do exceptionally well in order to achieve our competitive advantage.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Workforce Capability</th>
</tr>
</thead>
<tbody>
<tr>
<td>What are the key capabilities that our workforce needs to excel in order to achieve our business strategy?</td>
</tr>
</tbody>
</table>
Model for alignment with business

Future/strategic focus

Strategic partner
(Management of Strategic Human Resources)

Change Agent
(Management of Transformation and change)

Administrative expert
(Management of Organisation infrastructure)

Employee champion
(Management of Employee contribution)

Day-to-day operational focus

The Dave Ulrich Model
Investment in HR processes and initiatives need to culminate into business results, and therefore the need to measure HR effectiveness.

- Meets demands for external accountability (Regional Heads, Country heads,)
- Establishes clear, significant mission and goals
- Fosters strong sense of internal accountability
A quantifiable measure (not the measurement itself) made over time, which communicates vital information about the quality of a process, activity, or resource.

Can be subjective, relative or absolute
Characteristics of a good metric

- Aligned with Business
- Actionable and Predictive
- Consistent
- Simple, understandable, logical and repeatable
- Unambiguously defined
- Capable of tracked over time
- Capable of comparison (external benchmarks)
- MOST IMPORTANTLY – It should drive appropriate action

What gets measured is what gets done
Selecting the ‘RIGHT METRIC’

- Selecting the right metric is the key to success
  (A wrong metric can destroy value in medium term)

- Common Mistakes in design and use of metric include:
  - Metrics for the sake of metrics (not aligned)
  - Too many metrics (no action)
  - Metrics not driving the intended action
  - No record of methodology
  - No benchmarks
Three Levels of Metrics

Efficiency

• What range of resources (financial and non-financial) should be considered?

• What is the appropriate level of investments?

• How should investable resources be allocated to maximize results?
Three Levels of Metrics

Effectiveness

- What unique combination of policies and practices would best build the necessary human capital?
- What factors link policies and practices to human capital enhancement?
- What attributes distinguish effective from ineffective policies and practices?
Three Levels of Metrics

- **Impact**
  - What is the link between sustainable strategic success and human resource management?
  - Which talent pools are most critical for competitive advantage?
  - How could improving human capital increase value?
Basic Process for HR Strategy

1. Scan the External Environment
2. Identify Strategic Business Issues
3. Identify People Issues
4. Develop HR Strategy
5. Communicate the HR Strategy
The Common HR Approach

The Inside-Out Approach

HR practices, processes, and systems

Articulate how what we do adds value to The business

Communicate to the business what a good job we are doing
The Better HR Planning

Identify the business model components and areas to drive value

Develop an HR strategy to execute the business model with relevant metrics

Use the metrics to demonstrate or prove how we are driving business performance
Efficiency
• Time to Hire
• Cost per Hire
• Headcount Ratio

Effectiveness
• Customer Survey
• “At the Table”
• Practice/Process Impact

Efficiency
• Direct Labor Costs
• Indirect Labor Costs
• Positions Unfilled

Effectiveness
• Employee Satisfaction
• Leadership Capability
• Talent Retention
• % Black Belt Leaders
• Employer Brand

Efficiency
• Cost per Unit
• Shrinkage
• Defects/Scrap

Effectiveness
• Customer Satisfaction
• Revenue Growth
• Market Share
Do We Really Measure how HR is Driving Business Performance?

**Business Objectives**
- Driven to Win
- Flexible
- Embracing Risk
- Creative
- Global
- Fast

**Actual HR Measures**
- Headcount
- Turnover Rates
- Succession Candidates
- Time to-fill, train, on-board
- Cost Reduction
- Training Completed
- Grievances
- Client Satisfaction Surveys
- Performance/Potential Ratings
- Sales per employee
- Best practices recognized
Value Creation Example - HRD

- Financial
- Customer
- Internal/business process
- Learning and growth

Management Value Add

Competent Management Employees

Competency Development Processes

Quality of HR Talent
(to design appropriate competency development initiatives)
Payoff’s of measuring HR effectiveness

- Show contributions of selected HR projects
- Earn respect of senior management
- Gain the confidence of clients
- Improve support for human resources
- Enhance HR processes
- Identify processes for mid term corrections
- Identify successful HR projects
- Forecast HR project success
Key Attributes for the 21st Century HR Professional

INTELLIGENCE

- Why vs How
- Let me show you something you don’t already know

ACCOUNTABILITY

- Hit it to me / My team
- How good:
  - Do I HAVE to be?
  - CAN I be?

CURIOSITY

- So much to learn
- So little time
- I wonder what will happen today
If we’re not keeping score, we’re just practicing.
Kimberly Ryan has offices in London, Lagos, Abuja, Nairobi, Accra and Freetown with support capabilities for 19 countries in Africa.

Our mission is “To lead in attracting, developing and retaining superior Human Capital that create a dramatic business advantage for our Clients”
Thank You