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Leading a quantified organization: A guide for CEOs

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The vast increase in passive data being captured digitally, amid the backdrop of an ongoing tug of war between CEOs and their workforce over returning to office, is raising serious questions about digital tracking, measurement, and ultimately trust.

Over four years after the pandemic began, the in-office versus remote debate continues, and many CEOs are searching for ways to bring some reluctant workers back into offices, often citing company culture, collaboration, and productivity as reasons to return.[1] Skepticism abounds among some leaders about the effectiveness of remote working,[2] and some CEOs have resorted to mandating and even tracking office attendance.[3] From badging data to keystrokes and email activity, more activities and interactions at work are leaving a digital trail. What leaders do with this data can have a big impact (good or bad) on the effectiveness of their workforce.

Over the past several years, as the nature of work has increasingly shifted online and technology continues to advance, more companies are looking to gain insights from the vast amounts of passive data that are increasingly being captured digitally as workers (both human and machine) engage with each other and with their work. According to one study, 78% of employers surveyed are using remote tools to collect data on their employees.[4] While it may be tempting for some leaders to use this data to measure presence and activity, this approach may risk eroding trust, alienating workers, and undermining productivity.

But when done with attention to trust and transparency, tapping into passive work and workforce data can unlock greater organizational value, leading to an increase in customer satisfaction; an increase in innovation; and a happier, healthier, more effective workforce. CEOs can achieve this by building a "quantified organization": *an organization that takes a strategic approach to measuring what it* ***should****, not what it* ***can****, taking a responsible approach to using new data sources and AI tools to create value for stakeholders across the organization.*

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The promise and pitfalls of measurement

The potential use cases of the quantified organization are vast and evolving. These include the ability to improve safety and well-being, optimize physical space, redesign work, increase collaboration, improve interactions, improve diversity, identify hidden talent, and strengthen organizational cultures.[5] These use cases are enabled by data that companies have today (e.g., email, phone/video meetings, location data, biometrics), technology and tools that exist today (e.g., organizational network analysis, natural language processing), and technology that is emerging (e.g., neurotechnology and biometrics).

In many cases, organizations are often measuring what they *can* measure (because it's available and easy), rather than what they *should* measure in order to achieve real organizational benefits. It may be tempting to pick low-hanging fruit, but this can bring risk and often leads to measuring (and thereby managing) things that may not advance an organization, such as proxies for productivity.[6] Often companies that track this data are not transparent about it and can lose trust when employees find out. What's more, even if companies are open about what they are tracking and how it's being used, workers may be incentivized to work toward the wrong metrics (e.g., hours or presenteeism, instead of outcomes).

A Deloitte study reveals that a high level of employee trust is often linked to a greater willingness to share data voluntarily, as well as improved business outcomes from data collection efforts.[7] Predicted models analyses showed that trust in the organization's approach to data management raises by roughly 50% the probability of higher business growth. This analysis also showed that trust raises the probability of improved organizational agility by about 40%, while lowering the probability of privacy and consent concerns by approximately 60% and employee absenteeism by nearly 50%.[8] This data underscores that trust is not a mere luxury, but a crucial factor in the success of the quantified organization.

Leading with trust

To better fulfill the promises and avoid the pitfalls of work and worker measurement, CEOs can lead their organizations by emphasizing the essential element of trust in building a quantified organization. As the guardians of their organizations' culture, values and ethics, CEOs can embrace trust by modeling and championing appropriate behaviors, principles, and organizational commitments that would build and sustain trust throughout the organization.

This translates to measurement of work and workers through the following four principles:

1
Measure the right things.

Evaluate links between metrics and intended outcome, and continually audit for bias.

Too often, organizations measure the wrong things and end up driving the wrong behaviors. For example, measuring productivity by measuring activity rather than specific outcomes is likely to measure how busy your workforce is, not how effective they are at their jobs or at achieving results. Additionally, organizations should ensure that data collection and use is fair, equitable, and ethical—and that AI and other systems are impartial, transparent, explainable, and respectful of privacy.[9]

2
Share values.

Focus on development and growth.

Many workers are willing to share data with conditions. According to a study, 90% of employees surveyed are willing to let their employers collect and use data about them and their work, but only if it benefits them in some way.10 In general, data should be used to help workers learn, grow, make their jobs easier, find meaning or happiness at work, and realize their potential. When workers feel like their data is being used to judge them or to micromanage them, this can lead to distrust and other negative consequences.

3
Practice transparency and privacy.

Default to transparency.

Being transparent with workers about what is being tracked and why can help mitigate the risk of potential backlash and elevate trust. Another study found that only 30% of employees surveyed were comfortable with their employer monitoring their email. But in the same study, when an employer shared what they would be monitoring and explained why, more than 50% of workers reported being comfortable with it.[11]

Guard worker privacy.

Preventing security breaches of worker data is an important factor in building organizational trust. Some new technologies could even make it possible to acquire insight from data without acquiring or transferring the data itself.[12] Organizations should also be transparent about their data governance rules—how long the data is being stored, whether the data will be shared in individual or aggregated form, and who (internally or externally) will have access to the data (see Deloitte's framework for Technology, Trust and Ethics[13]). Regional, local, and global regulations around data privacy will likely continue to guide how organizations collect and use data and the internal policies they develop to manage it.

4
Give workers agency and control.

Make it opt-in and share ownership of data.

While opt-in isn't possible in all cases (e.g., when used to detect potential security threats) there are situations where organizations can provide opportunities for workers to choose to share their data, being clear on how and what will be captured, who will see it, and how it will be used. Additionally, many organizations seem to be moving to a data ownership structure that is either shared or worker-owned, giving workers more power and control over their personal data and influence over how it's used.[14]

Co-create and empower workers.

Instead of designing quantified organization initiatives that collect and use worker data as a top-down exercise, consider involving workers from the start in co-creating the practices themselves. This could include involving them in choosing what metrics will be useful and relevant in improving their experience at work and collaboratively deciding how the data can be used to inform action by AI or human judgment.

Conclusion

As more passive workforce data becomes available, CEOs have an opportunity to use some of this data to better understand and promote practices that create value for their workers, their organization, and society at large. But taking an approach that is inconsistent with the four principles above can destroy value. Whether your people are in-office, remote, or follow a hybrid model, trust is the foundation for an effective and engaged workforce—but it is hard-won, easily lost, and costly to recover from. Trust should be extended before it can be earned.[15] And sometimes, that involves a bit of letting go.

For more information, please contact:

Benjamin Finzi
Global CEO Program Leader
Deloitte Consulting LLP
bfinzi@deloitte.com

Anh Nguyen Phillips
Global CEO Program Research Director
Deloitte Touche LLP
anhphillips@deloitte.com

Nicole Scoble-Williams
Partner, Global Work Growth Leader
Deloitte Tohmatsu
nscoble-williams@tohmatsu.co.jp

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