



Five key insights every CHRO needs to have at their fingertips

By Eric Lesser and Charis Chambers

Introduction

More than one chief human resources officer (CHRO) has walked away from their CEO's quarterly business review with a sense of frustration and envy. Having watched the chief financial officer engage the senior leadership team in a spirited discussion about financial performance and insights, the CHRO is often left wondering why they don't have the same quality and consistency of data—and the same depth of analysis—as their counterparts in finance, supply chain, customer, sales, and marketing functions.

HR organizations often struggle with defining, organizing, and embedding key metrics, analytics, and insights into the larger decision-making processes of their organizations. This is due to many factors—from a lack of data standards to disparate systems that produce inconsistent metrics, to a shortage of analytical skills and capabilities needed to interpret data, identify trends, and translate them into digestible insights that tell a compelling story. As a result, CHROs often find themselves at a disadvantage when using workforce data to influence key decisions within their organizations.

A recent Deloitte report entitled "The elevated talent and culture agenda in the boardroom" highlights the value that data-enabled CHROs can bring to the CEO and board-level conversation.¹

The report states that "Boards of directors will want the latest details on the workforce, and the CHRO has an opportunity to create the biggest impact by connecting vast data and information with compelling narratives that humanize the business."

Taking a deeper look into these areas, we examine the key HR metrics, types of segmentation and analysis to support the "drill down," and the practical realities that come into play when trying to build and implement these analytic capabilities within an organization.

While there will be variations depending on your industry and the priority issues facing your organization, these five areas represent a foundational capability we believe every senior HR leader should have. Some of the metrics within these five groups may already exist within your organization. However, from our experience, it is rare for a CHRO to have all of these in a single platform that is easy to use, understand, and share with others.

There are five critical areas where CHROs need access to key HR metrics, data, and insights on demand to provide a snapshot of the current state of the work, workforce, and workplace:



Workforce composition and risk

Understanding the inflows, migration, and outflows of key talent and the associated risks and implications for the organization.



Workforce spend

Determining the overall workforce spend across compensation, benefits, and other reward programs, and whether desired goals are being achieved.



Succession and career management

Preparing for contingencies and monitoring the progression of the next generation of talent.



Well-being

Highlighting the physical, emotional, and financial resiliency of individuals within the organization.



Flexibility and the future of work

Describing where and how work is performed across the organization today and how that may need to change in the future.

Five critical areas



Workforce composition and risk

In many HR organizations, this is the starting point for the discussion around key human capital metrics. At the highest level, this includes a basic awareness of the current size of the workforce, the mix between employees and alternative sources of talent, the diversity of the workforce, and the overall managerial span of control. These standard metrics can anchor the discussion and should highlight major changes due to acquisitions, divestitures, reductions in force, and other major corporate events. Following this is a greater understanding of talent inflows through an examination of key talent acquisition metrics, which includes an analysis of how many positions remain open, how long it takes to fill those positions, how many individuals are applying for positions, and how many are accepting offers that have been made. An element of this analysis should also address trends in the number of positions that are filled by internal vs. external candidates.

On the other side of examining talent inflows is an understanding of talent outflows and the drivers associated with it including measures of overall attrition (voluntary and involuntary), retirements, early departures (e.g., those leaving the organization within one year of hire) and the overall cost to replace individuals (including recruitment, onboarding, and productivity costs).

Surrounding all of this is the concept of managing workforce risks both internally and externally, which could impact the organization's financial, operational, reputation and brand, and regulatory and compliance outcomes. According to a recent study, 52% of C-suite, executive leaders, and board members said workforce risk is on their board agendas.² Top workforce risk indicators include succession planning efficacy, workforce planning accuracy, and labor cost per worker.



Workforce spend

For most organizations, total workforce spend and understanding the return on investment of your workforce investments are challenging to measure, but when done well they can help your organization make more informed decisions about where dollars are allocated to drive employee brand, value, and sustained profitable performance.

Understanding the various categories of workforce spend, such as salary, variable compensation, overtime, benefits, equity, and other rewards, forms a baseline to determine whether the company is spending its resources according to expectations and market conditions. Senior executives will often want to know how compensation and benefits trends are changing, in terms of both internal comparisons (e.g., are we paying new hires more than the average salary of individuals in similar positions) and external benchmarks across competitors and local labor markets.

From a benefits perspective, it is increasingly important not only to look at how much various programs are costing the company and actual usage of benefits, but also to be aware of individual preferences and sentiment toward different benefits offered. Without this knowledge, the organization may be spending limited resources on benefits that provide little or no value to the workforce and may be missing key benefits that could have a direct impact on key HR metrics, such as workforce engagement and retention.



Succession and career management

Regardless of the scope and the processes used for succession planning, from a risk management perspective, organizations should regularly be aware of their ability to backfill key roles. These roles should include senior leaders and individuals in unique jobs that disproportionately impact an organization's success. Key HR metrics in this category include an understanding of the percentage of roles with succession plans, the number of candidates who are ready and available to step into these key roles, and the extent to which roles are filled by candidates from a defined succession pool.

Executives also need to understand the informal roles individuals play and how their presence (or absence) can affect communication and knowledge-sharing patterns across the organization. Tools such as organizational network analysis can help identify individuals who play central roles in connecting disparate groups and brokering internal and external relationships. Using these tools, companies can identify not only those who contribute to disproportionate results, but those whose unique relationships enable others to be successful as well.

From a larger career management perspective, an organization should also be aware of the percentage of individuals who have been promoted within a given time period. This can indicate the extent that the company is filling opportunities from the inside as well as outside the organization. Further, looking at the results of employee engagement scores and comments regarding career and skill development opportunities, as well as managers' ability to support career progression efforts, can provide important insights into whether individuals believe the organization is supporting their desire for advancement.



Well-being

Employee wellness continues to be an area that is attracting increased scrutiny in many organizations. Given the need to retain critical workers, organizations are looking to better understand what drives, and supports, employee well-being across different dimensions, including physical, mental, social, financial, growth, and purpose.

Metrics that organizations could look at to identify employee wellness concerns vary across these dimensions. For example, understanding absence rates and the extent to which individuals are using (or not using) their paid time off or how many unread emails they have can indicate potential signs of burnout. Statistical relationships across these metrics, combined with employee perceptions regarding their work environment gleaned from workforce listening approaches, can identify areas of stress that could have an adverse impact on the workforce.



Flexibility and the future of work

The last several years have shown the critical nature of understanding the intersection of work, the workforce, and the workplace in both physical and virtual environments. Debates regarding the effectiveness of hybrid environments and the circumstances in which virtual versus in-person work is necessary for success need to be fueled by an understanding of where and when individuals are working, how they spend their time, how they interact with each other, and how they use their physical and virtual tools.

From a leadership standpoint, HR executives need to be aware of basic measurements such as the number of days that individuals are in the office, the types of workspaces they use, and the number of days/nights they are traveling. More advanced tools capture data regarding the number of virtual meetings, the number of individuals attending, and the length of time they are spending in those meetings. Again, employee perception data also plays a key role in determining whether individuals believe their current work environment enables them to deliver on their expected roles and responsibilities.

Key segmentations and drill downs

While understanding the current state across any of these HR metrics is certainly important, drilling down and identifying potential areas of interest or concerns requires segmenting the data in different ways that may be missed when looking at organization-wide averages. What follows are the five most common views:

Historical

This could include a year-over-year comparison or a rolling trend over a specific set of time periods. Historical trends are valuable to identify changes that may have occurred slowly but over time represent a shift in a specific environment.

Demographics

This would include cuts by age, location, tenure with the organization, underrepresented populations, and so forth. Being able to examine the HR data by different populations can inform your diversity, equity, and inclusion strategies as well as your hybrid workplace strategies and more.

Organizational units and hierarchy

Like demographic data, developing segmentations by different organizational characteristics can provide unique insights into part of the organization that represents potential positive or negative outliers and serves as an important internal benchmark when looking across different businesses or functions to help inform talent strategies.

Against plan

Where planned targets are available, being able to measure deviations can be an important indicator for further analysis

Against industry and/or geographic market data

In some situations, external data can provide unique insights into relative performance metrics. However, caution needs to be applied as differences in underlying assumptions, strategic context, and even frequency of reporting can create comparisons that can be easily misunderstood.



Practical recommendations

Below are a few recommended practices to help you advance decision intelligence across your organization and bring meaningful insights to influence key workforce decisions at your next board meeting.

Prioritize actionable insights relevant to the business

Be intentional about which questions you need answered and then determine the supporting metrics behind them. Rather than make assumptions, talk to your stakeholders and understand directly what outcomes they care about and can move the needle on. Second, prioritize your efforts around those key questions that will drive the most impact. All too often, HR leaders focus on getting as much information out to others and end up getting lost in the data, while their stakeholders become overwhelmed with information that they do not necessarily know how to interpret or take appropriate action on.

Unify people insights on a single platform

Many HR leaders think they can get everything they need to know out of their human capital management (HCM) system. But the reality is you need the ability to analyze and derive insights that support decision-making about your organization's work, workplace, and workforce. To do this effectively, you need to pull in data from several disparate sources (e.g., finance, sales, supply chain) being generated by different HR and business systems beyond your core HCM. Providing a one-stop shop for all people insights streamlines the user experience, creates more accessibility to people analytics, normalizes metric definitions and applications, reduces redundancies, and builds capability and credibility across the organization to make better, more informed decisions about your people.

Lead by example

A critical factor in the journey to becoming a data-driven HR organization is for the CHRO and senior HR executives to inspire others through their own use of data to drive more informed decision-making. Have trust and be confident in your own ability to make timely and sound decisions using your work, workforce, and workplace data rather than gut instinct. The more you lean into data, the more compelled others in your organization will be to emulate those behaviors.

Recognize that data is necessary, but not the sole source for decision-making

Leaders' ability to successfully sense and analyze insights and make sound decisions hinges on their data literacy competencies. They need to be able to ask more detailed questions about the assumptions used behind the data, assess the situational context, and obtain diverse perspectives on the data to fully understand the implications and ramifications of their decisions.

Equipped and enabled with appropriate data and insights, the CHRO is well positioned to be a critical agent of positive change within the organization. Building the capability to access, transform, analyze, and visualize workforce-related data across each of these five key areas is critical for organizations looking to improve their decision intelligence and compete in today's rapidly changing and uncertain climate.

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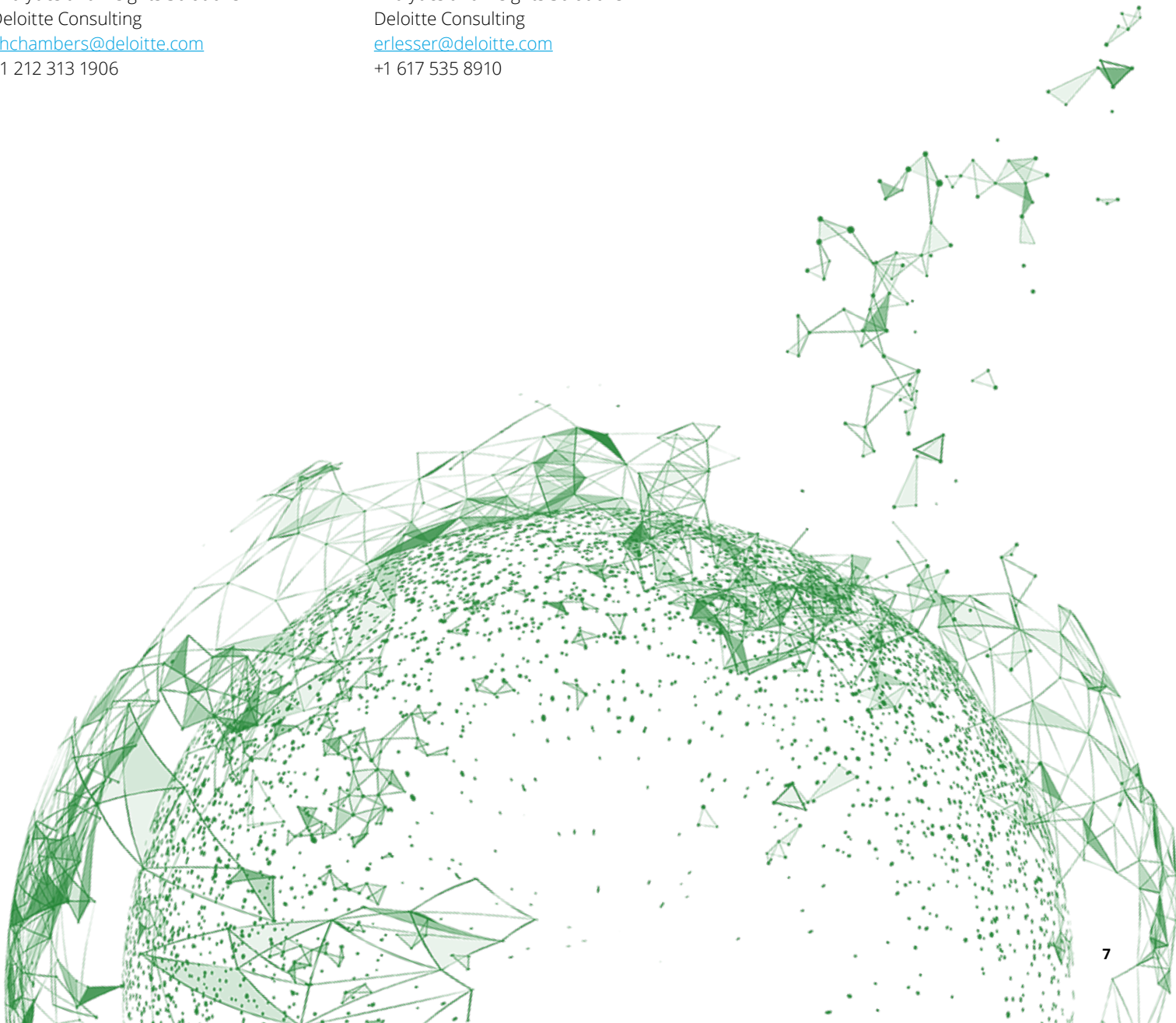
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Endnotes

1. Art Mazor et al., [The elevated talent and culture agenda in the boardroom](#), Deloitte, 2022, pp. 3–7.
2. Joseph B. Fuller et al., [Managing workforce risk in an era of unpredictability and disruption](#), Deloitte Insights, 2023.



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