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HR Outsourcing and Metrics

- Human-capital practices are not created equally. There are those that create substantial value and others that actually diminish it. Companies must examine their HR initiatives to ensure they are adding to shareholder value.

Still, very few individuals outside the field of HR seem to be buying this message outright, leaving HR in the awkward position of justifying a place for themselves on the leadership team. In part, this is because an artificial wall has been erected between HR and “operations,” a wall that continues to exist in large part because of the attitudes and practices of HR professionals themselves. HR professionals, in their headlong dash from the despair of the duties comprising their current responsibility, have rushed past their most powerful trump card: the people. All organizations—private, public, nonprofit, service, manufacturing—are composed of people. Everything that any company produces, all of the value created, is achieved through the actions of those people. Simply put, the effectiveness of a company is inextricably dependent on the effectiveness of its people.

CHAPTER

15

A Practical Guide to Building Your Ultimate Dashboard

What will your ultimate HR dashboard look like? I hope that it will look different from every other organization’s ultimate dashboard, since your organization’s priorities and service level with executives will be different from those of other organizations. But, how do you determine what it will look like? How do you convert the metrics into digestible, actionable data points that will assist the executive team in managing the organization? What are the usual pitfalls that you may encounter in building your reports and your dashboard? What practical advice do best-practitioners have for building your ultimate dashboard?

How to Develop Your Ultimate Dashboard

Setting Your Goals. Each measure in the dashboard should have a goal or target. Compile management interviews, Human Resources priorities, and set the measurement goal against the desired performance
for the organization. Ideally, you will be able to determine a hard
dollar amount of savings or revenue increase from the goal (such as
decreasing turnover by 10 percent results in a $5 million annual
savings), or you will be able to tie back a stated executive priority
(such as, We promote a culture of promoting from within).

**Modeling Your Measures.** You have already determined what the
executive's priorities are, and now you need to model what the
metric will look like. What data will you need? What best practices
exist that are appropriate for this measure? Model your metric us-
ing mock data in Excel and shop it around to others for feedback.
Make sure to validate your decisions.

**Building Your Metrics.** This is the actual work of creating the
metric using real data. If you have an ad hoc tool this could be
user-accessible; if not, you may need the support of a technical re-
source to build the reports for you. If you do need a technical re-
source, modeling the metrics becomes critical to your success since
your report developer needs to understand exactly what the report
is supposed to do.

**Building Your Dashboard.** Think of your dashboard as a collection
of well-focused reports on one page. After you have your reports
created, you can begin think about how best to represent them on
a single page using graphs and other elaborate techniques where
necessary.

**Caring for Your Data.** You may have the information you need in
many different places. Someone needs to care for this data, which
includes making sure that users of the technology supporting you
(HRIS, ATS, TMS, and so on) are completing the information you
need. This also includes surveys. A little maintenance of the data
saves hours of data repair later on.

**Validating Your Results.** Without validation, your organization
could easily be representing your data in the completely wrong
way. Check your assumptions with your peers, with managers in
different departments, or even finance. Gerry Crispin of Career
Xroads tells a remarkable story about a young HR manager who

wanted to completely change the way the company recruited, but
she didn't know how to build the ROI case and didn't know how to
get the data she needed. So, she approached the CIO and asked
for help. Not only did he help her create the ROI with all of the
supporting data, but he co-presented the idea to the board, and the
two of them completely changed the way the company approached
recruiting for the better.

**Communicating Your Ultimate Dashboard**

You already know what a great dashboard looks like if you happen
to drive a car. When you are considering how to design your
dashboard, keep your car's dashboard in mind. It's simple. It gives
you important information by scanning it quickly. It tells you
when there is danger or when you should accelerate. Great dash-
boards are visual representations of data used to make important
decisions.

Making a great dashboard is not easy. There are people who dedi-
cate their entire lives to representing data clearly, elegantly, and
simply. For an in-depth look at different ways of representing your
data, explore Edward Tufte's books, including The Visual Display of
Quantitative Information (www.edwardtufte.com), and W. Bradford
Paley's work seen at http://textarc.org. These will give you a few
ideas on how to represent and clearly communicate your data:

**Stoplights.** Stoplights are a traditional project manager's tool to
convey risk in projects. Using red, yellow, green highlights on your
metrics can immediately communicate visually how the organiza-
tion is performing against goals without much need for explana-
tion on the page, which make them ideal for a dashboard. Figure 15.1
shows an example of the stoplight approach as applied to Intel's
HR metrics (see Chapter 13 for more on Intel's dashboard).

**Progress Against Goals.** Showing metrics without context creates
more difficult executive meetings—you have not provided them
with the information that they need to help move the HR agenda forward. What is required is a key indicator on each of the metrics provided in the dashboard. An example from Dr. John Sullivan, the head of Human Management at San Francisco State University (Sullivan 2002) is shown in Table 15.1.

Gauges. Just like stoplights, gauges are an easy-to-understand way to convey current performance information and the goal of that information. Readers intuitively understand gauges from driving automobiles or simply from reading the temperature. Gauges for dashboards can be used to interpret complex data in one visual. In the example in Figure 15.2, the needle is indicating the current value of the metric. The range of average values is represented by the larger rectangle the needle is sitting in, and the top rectangle represents the goal for the metric (www.dundas.com).

Combining Notes, Tables, and Visuals. Most dashboards have a combination of tables and graphics. Managing to balance the dashboard and notating the data appropriately is a true art. When creating the visual dashboard, try splitting up your page with two columns: one column should take two-thirds of the page; the other data will populate the other third of the page. Many times, this layout works for visual representations of your data since it allows you to display time-based line graphs if needed and show a few months of data. Long bar charts will have the same result.

Notice in Figure 15.3 that many of the data items have notes attached to them, but they do not overwhelm the dashboard. You may not immediately notice that the notes are there at all. After meeting with your executive team a few times, you may begin to build an intuition as to what types of information they tend to ask about, or what departments they'll tend to question the data on. Build easy-to-find notes right into the dashboard. This will make communication of the core data much easier.
Best Dashboard Practices with Scott Morrison, Manager of Recruiting Programs at Salesforce.com

What is on your Ultimate Executive Dashboard?

The bottom line in our organization is our candidate pipeline. We’re a Customer Relationship Management company, so we think about our talent metrics like our sales pipeline. Our executives want to know what talent will we be closing in 30, 60, and 90 days. They want to know about Time-to-Start and about New Hire Quality. We can track all of this well since most of our users are using our own CRM tools. Hiring Manager Satisfaction is also impor-

| How to Make Really Big Mistakes |

1. **Mistake One: Dashboard clutter.** Don’t mistake using a dashboard with the idea of “cramping as much data on one page as is humanly possible for my executive to see.” Experienced managers of
data know that the dashboard is your instrument panel that will assist you (or an executive) in making decisions based on the gauges and indicators on the dashboard. You’re designing your instrument panel for making decisions. Don’t clutter it up with data you won’t make a decision with.

Mistake Two: Right report, wrong cut of data. You can easily have the right columns and the right rows, but it is entirely possible to make a mistake when selecting what data to use in the report. For example, your executives want to see a real-time view of all open requisitions. However, when you run your report, you select all jobs opened within the month, not all jobs currently open as of the date of the report being run. The difference can be huge. You may have opened up only 10 jobs in March, but on March 30 there are 100 jobs open. While this example is pretty obvious, others are sinisterly difficult to detect. Think about the following cuts of the same data and what they tell you on a report of interview statuses. What is the difference when you select all interview statuses where:

- Only jobs that were closed within the month are reported?
- Only interview statuses that occurred in the month are reported?
- Only jobs that were opened within the month are reported?
- Only jobs that are open right now are reported?
- Only the final statuses of candidates in closed jobs are reported?

If your head is spinning, you are not alone. All five choices are completely legitimate—and all five choices answer very different questions. Reporting interview statuses on all closed jobs will give you a clear historic picture of how candidates wind their way through the interview process, allowing you to see average time between important interview stages. Reporting on statuses that occurred in a month gives you a picture of what work a recruiter did during the month. A final status report will report on how your candidates looked at their last status, which could actually be your applicant flow log.

It’s the same report, but it has a very different meaning depending on what data you select. How do you avoid the problem? Before you run your data, make sure you know what you want the report to tell you. And then check your query to make sure you’re grabbing the right data!

Mistake Three: Not articulating a clear business problem that the metric will answer. Every element on your dashboard must have a relevant question that you can use to sum up why that metric is being run. Test it for yourself on your current metrics. If you can write down exactly what question the metric answers, then you have a clear metric with a clear goal. Example: “I want to monitor learning and development expenditures in real time so I can intervene before the month ends to make sure that we didn’t overspend on sales training and underspend on management training.” You can definitely build a metric around that articulated business question. At all costs, avoid reporting on a metric merely because you have it available!

Mistake Four: Trying to accomplish too many goals with one report. A surefire way to tie up several days of thought is to try to make one report do too many things. You will add columns, improve some data, and hurt other data. We’ve all been sucked down the quicksand of a reporting challenge—being drawn in further and further to fix the problem that the last addition to the report created until you wind up with a report that doesn’t make sense. If you feel you’re spinning your wheels, stop. Back up. Reapproach your original goal.

Mistake Five: Believing that your data is a complete picture of reality. Some of what you are going to report is not black and white data. Even finance has to make decisions about reporting that fall into grey areas; certainly Human Resources is in the same situation. You may need to make choices on how to represent your data that isn’t...
Dealing with Bad Data

Every manager of data struggles with the same problem: bad data. It’s not just the Human Resources function. We have even coined a favorite phrase for it—GIGO: Garbage In, Garbage Out. Bad data can’t be the excuse not to present the needed metrics to a hiring manager or an executive or your own teams. If everyone has the problem, then there must be workarounds to dealing with bad data so that you can use it in your reporting without ill effect. There are a few different classes of bad data to manage:

Incomplete data. Every report on the planet will eventually have one row of data that isn’t included. It’s okay. What’s not okay is not being aware of what you don’t have. If you are reporting voluntary turnover and you cannot get that information from a newly acquired entity, then make sure it’s clearly noted on your dashboard. You’ll probably get some executive intervention so that next time the data hole is patched.

Inaccurate data. Time-to-Start metrics have this problem all the time. Somehow, after running the data the first time, you find that your average time to start is 34 days because recruiters were taking out reps after the candidate was identified and hired. You can intervene to fix the process and fix the data. Beware of using averages with inaccurate data. One practical method of repairing the data to get at least an approximation of Time-to-Start is to re-
Best Dashboard Practices with Mary Claire Ryan, Director of Sourcing at Riviera Advisors

How do you ensure that the data you present is the data that is important to your CEO?

Before I begin to think about the data, I use an in-depth questionnaire and sit with the CEO to understand his/her priorities. Even with that set of meetings, I know there will be a surprise in every meeting I have subsequently, whether it’s a business shift, entering a new product line, or an acquisition—process to dig into the new initiatives, business realities, and so on.

What is on your Ultimate Executive Dashboard?

The first data points on my dashboard are related to Workforce Planning in the short term and in the long term. I map the key initiatives, new priorities, and economic realities to a practical talent plan for the organization. This is not a typical “telephone book” sized workforce plan—it’s concise, forward-looking, and has red flags where I think executives need to pay attention.

Then I’ll keep the key data points that we’ve worked out with the executive team. Usually, turnover, New Hire Quality, and talent budgeting will be on the dashboard. A review of talent targets will be on there too, including management targets, internal survey data, and hiring manager feedback.

I also always have a nugget of competitive information as well to compare us to, and I don’t hold back. If we’re not keeping up with talent acquisition, or if our competitor snapped up the top engineers in our most profitable business unit, executives will know about it.

How frequently do you meet with the CEO on data?

I never bother the C-level until I have hard facts on the data that’s important to them. Then, I make sure my executives are armed with the two to three key data points they need for board meetings, investor calls, and their employee talks.

What is on your Ultimate HR-Centric Dashboard?

I’ve focused on using data to manage both dedicated recruiters, which require a specific set of data to manage versus generalists that are also responsible for recruiting in the organization. I’ll focus on the generalists here with respect to recruiting.

I tend to focus on the recruiting process immediately when managing a team of generalists since it tends to have plenty of management opportunities for improvement. Hiring Manager Satisfaction data is important to me. It helps me show the team exactly what our constituents expect of us and where we are at. I’ll also compile our own performance reviews focusing on key areas like sales skills in recruiting candidates through the interview process.

In addition, I also like to look at our commitments to our hiring managers with a strong focus on Time-to-Start (not time to hire), New Hire Quality, and Candidate Interview Feedback. I also try to arm my generalists with data that assists them in educating their hiring managers on market forces in recruiting, candidate lag, and the hiring manager’s own responsiveness.

What was the most interesting thing you have learned from analyzing data on your talent base?

Here’s an example that shocked executives inside and outside of HR. We were having a terrible problem hiring for a highly-skilled, highly-degreed job group that was critical to profitability in our core business. First, we took a look at the external market and
found our first problem: 80 percent of the candidates with the skill sets we needed lived across the country, nowhere near us. Then, we did an analysis of the population of potential candidates and found our shocker—we already employed 50 percent of the candidates with the degree we were looking for! They were working in a completely different division, doing a job that didn’t actually require the degree and skill sets we needed. The employees were underutilized in their current job, while another business line was suffering. We presented a plan to offer a great internal mobility opportunity to these employees and a plan to train other potential candidates to fill their old jobs. It was a win-win plan that was directly tied to business outcomes and talent optimization.

What is your best piece of advice in building a great dashboard?

Keep it simple at first! Make sure you don’t try to use one report to tell three stories. Tell one story and make it a good one with clean data.

Where to Leverage Technology

The cost of collecting data. What is the actual cost of collecting all of the needed data? Your labor and dollar cost will vary, but the cost is at least 10 times less expensive today than it was 15 years ago. Specifically, costs have gone down because:

- HRIS and ATS systems are better able to provide data quickly.
- Survey tools are now web-enabled and accessible directly by Human Resources with less expertise needed to develop.
- Data collection from the staffing function has improved as Talent Management Systems have made it easier to status and rank candidates (recruiters now can batch status scores of candidates at the same time).
- New technologies that were designed to automate processes also give managers greater visibility. For example, if you have just implemented performance reviews online, you can likely now run a report on the top 10 percent of performers by department in 2005. How long did it take to compile that data by hand in 1999?

What to do when you do not have a dedicated analyst running your metrics. Many of us don’t have an HRIS analyst dedicated to creating and running complex reports and then assembling them into dashboards. If there is a provable ROI, hiring that analyst and/or outsourcing the compilation is a good investment. However, when you are directly challenged to provide a dashboard, with limited time and limited resources, do the following things:

Keep it simple, stupid. Focus on fewer metrics and fewer data points. Make sure that your data is cleaned well and focuses on displaying your data simply using tables, pivot tables, or pivot charts.

Use the most of PowerPoint and Excel. Both have many flaws. However, quickly displaying information visually isn’t one of them. If you are crunched for time and resources, use PowerPoint to lay out your dashboard and Excel to create your charts and/or pivot tables or pivot charts.

Find your high-potential in HR. There is inevitably one high-potential in Human Resources that loves to dig into data, knows Excel very well, and is fearless. Find this high-potential and harness their energy for the dashboard project.

Ad hoc reporting. The words “ad hoc” are generally not used correctly in HR. Many times, people use the words ad hoc to describe real time reporting. Or, ad hoc means “I can run whatever I want whenever I want, and however I want to show it.” Neither of these definitions is particularly true. Ad hoc reporting systems are amazing tools when you know what service they provide.

A true ad hoc reporting environment (like Brio, Crystal, or Microsoft reporting services) provides business-level users with the
ability to create relationships between their data, pick fields, build calculations, and create reports without necessarily the use of a technology resource. Ad hoc environments put the data in the hands of the business user. Most ad hoc reporting environments are not run against real-time data but against a data warehouse or another snapshot of the data. Ad hoc environments have constraints against what they can and can’t run. And all ad hoc reporting systems require the business user not only to learn the sophisticated software but also to be comfortable with the data and the tables that store them.

What are ad hoc reports capable of providing to HR? Actually, quite a lot. However, that doesn’t cure all of the problems of reporting. In fact, it introduces a few more concerns.

Ad hoc reports still need to be planned out and tested against the source data precisely. It’s far too easy to create a report that one believes is reporting average tenure of staff in the sales team, and then find out that a small error in the ad hoc report has been overreporting the information by months. When using an ad hoc report, here’s what you should expect it to provide and what you should not expect it to provide. Expect that ad hoc reports will:

- Run simple tables, selecting the fields that you’re looking for, row by row.
- Summarize information in pivot table-type reports.
- Turn cells red or yellow or green in stoplight fashion if a measure exceeds a threshold.
- Create some graphics based on the data (although perhaps not exactly how you’ve envisioned them).
- Schedule the reports to be sent out to colleagues automatically.

Generally, do not depend on your ad hoc system to:

- Check your data for correctness. Humans created the report, Humans need to validate them.

- Control a dashboard display to a very fine degree. Some systems can accomplish this with the assistance of a specialist in the software. But out of the box, a beginner probably would have a hard time here.

- Do acrobatic tricks. This type of software allows a user to do a great deal without technical help. But it also means that the user is constrained by the templates and tools the reporting system provides. Without technical help, it may not be able to put the exact graphic in the exact spot with the exact result that you’re looking to produce.

- When setting up the dashboard using ad hoc tools, working with a software expert is a good investment when possible.