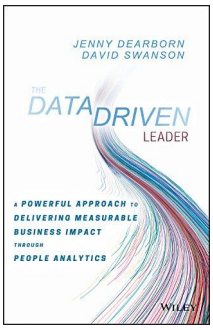

YOUR KINDLE NOTES FOR:

The Data Driven Leader: A Powerful Approach to Delivering Measurable Business Impact Through People Analytics

by Jenny Dearborn, David Swanson

Free Kindle instant preview: http://a.co/5y9cZlp

38 Highlights | 10 Notes

Highlight (Yellow) | Location 367

> Intuition and emotional intelligence, once the hallmarks of successful CHROs and HR professionals, are no longer sufficient.

Highlight (Yellow) | Location 425

> As Mark Twain is often quoted: “The best way to get ahead is to get started.” We hope this book will inspire you to start or to energize and advance the work you have already begun.

Highlight (Yellow) and Note | Page 18

> She also presents a radical notion for this team: that HR can, and must, drive business outcomes.

Sadly, still radical thinking in many HR organizations via @dearbornjenny

Highlight (Yellow) and Note | Page 20

> According to recent research, 71 percent of companies think HR data analytics is an organizational priority, but fewer than one in ten report having usable data.2 Another recent study reported that more than one-third of companies don’t use data in any decision making.

HR stats from @dearbornjenny

Highlight (Yellow) | Page 20

> Decision making by gut, not fact: Common sense can sometimes be our enemy. Why? Because sense and logic can be deeply personal and subjective. Data, however, can remove guesswork, biases, anecdotal reasoning, and other human foibles that can throw strategic efforts off course. Data can also take the emotion out of business discussions and break down silos as objective metrics light the way forward.

Highlight (Yellow) | Page 41

> Another reason to seek allies is practical. Most HR organizations lack the experience and clout to single-handedly lead a data analytics change effort across the corporation.

Highlight (Yellow) and Note | Page 42

> As Pam and team explore changing their thinking around measuring outcomes, she grounds the conversation in design thinking, a well-respected methodology developed at legendary Silicon Valley design firm IDEO and matured at the Hasso Plattner School of Design Thinking at Stanford University (see Figure 2c.1.). Figure 2c.1 Design Thinking Source: DT Venn Diagram Created by the Author The three foundational elements are grounded in empathy for the end-user: Desirability/Usability: Will end-users want and need this solution? Feasibility: What can reasonably be accomplished, technically and organizationally? Viability: What is financially sustainable?

This was new to me via @dearbornjenny

Highlight (Yellow) and Note | Page 43

> MOVING FROM ACTIVITY TO IMPACT Let's look for a moment at rearview mirror KPIs in another area of HR. A classic example is training course completions (aka "butts in seats"). Many Learning & Development organizations—and their stakeholders—see completions as a success metric, although attendance has little bearing on learning outcomes. Similarly, many L&D professionals use learner evaluation scores as evidence of impact, yet our research shows that these survey results are typically driven by room temperature, food quality, and whether the presenter was entertaining. Assessing whether the course achieved its defined goals and objectives requires an entirely different, and more sophisticated, set of questions and measures, but will enable learning teams to prove to their stakeholders—and themselves—that their efforts positively impacted the business. Yet as Pam points out, the VP of Talent Acquisition has been doing her job as she was asked to do it, just as L&D teams focused on attendance and learner evaluations are likely fulfilling the expectations of their internal customers.

So true (and have seen many times) via @dearbornjenny

Highlight (Yellow) | Page 45

> THE TREND THAT STAYED While "big data" appears less often in the business and mainstream media, the advances this phrase represents are hardly a passing fad. In fact, in January 2017, Ted Friedman, vice president and distinguished analyst at Gartner, cited three key trends in "data and analytics":6 Data and analytics will not only reflect a company's performance, but will also drive business operations. Organizations will approach data and analytics holistically, using new end-to-end architectures. Senior leaders will integrate data and analytics into business strategy, generating new roles and opportunities to drive growth for data and analytics professionals. Another indication that data analytics is here to stay is the increase in companies with a chief data officer, 54 percent of firms surveyed, according to a 2016 report, up from just 12 percent in 2012.7 But we need look no further than our own pockets to understand that data analytics is practically ubiquitous. We all generate data whenever we carry a smartphone, use a credit card, open an app, stream services, buy something online, and myriad other daily activities. While data privacy, data security, and discrimination based on data are growing concerns, potential benefits from artificial intelligence and machine learning built on big data stretch from disease prevention to space exploration.8 And yet the Corporate Executive Board (CEB) found that HR professionals are not routinely using data to inform their people processes. Most companies do not monitor

> candidates or link candidate experiences to business objectives, and only about half use talent metrics to inform business decisions.9 It's time to catch up.

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> While not every organization can afford a full-time analytics person, it's important to have someone with technical expertise, even as a part-time consultant.

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> The best partner for a data scientist is both knowledgeable about the business and relentlessly curious about what makes it tick. This type of person knows how to probe for understanding and judge whether data "feels right." Deep knowledge of your company, combined with data analytics prowess, is a winning combination.

Highlight (Yellow) | Page 73

> THE FOUR STAGES OF ANALYTICS As shown on the chart in the chapter and below (Figure 3c.1), data analytics is commonly categorized as descriptive, diagnostic, predictive, or prescriptive. Descriptive analytics asks, "What has happened?" By mining data to provide trending information on past or current events, it provides decision-making guidance for future actions, often in the form of key performance indicators. Descriptive analytics data is usually displayed within reports or dashboards, which are sometimes automated to issue alerts or trigger actions at various thresholds. In day-to-day business operations, much of analytics is descriptive in nature. Diagnostic analytics asks, "Why has this happened?" By utilizing statistical and analytical techniques to identify relationships in data sets and degrees of correlation between variables, it helps pinpoint the causes of problems and formulate corrective solutions. Exalted will begin using diagnostic analytics in Chapter 4, with the bulk of diagnostic analytics happening in Chapter 5. Predictive analytics asks, "What could happen?" The term encompasses a variety of techniques, such as statistics, modeling, machine learning, and data mining, which are used for finding correlations within big sets of current and historical facts, to make useful predictions about future events. Predictive analytics appear in Chapter 6.

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> Figure 3c.1. The Four Stages of Analytics Prescriptive analytics asks, "What should we do?" It explores a set of possibilities and suggests optimal course(s) of action based on descriptive and predictive analyses of complex data. Utilizing advanced analytical and mathematical models, it can also provide reasons for recommendations and possible implications of following them. We'll talk about this level of analytics in Chapter 6.

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> PEOPLE ANALYTICS TODAY Where are most companies today vis-à-vis people analytics? The Bersin Talent Analytics Maturity Model outlines four levels or stages that organizations achieve as they hone their analytics capabilities, which are similar, yet not identical, to the four types listed above: Operational Reporting. About half of all organizations use this level of reporting,2 which is reactive and descriptive. Organizations at this level generally lack dedicated data analytics staff, and the focus tends to be on data accuracy, consistency, and

timeliness in delivery. Most only measure two talent metrics: time-to-fill and diversity.3 Advanced Reporting. Some 30 percent of organizations use this reporting, likely to be proactive and diagnostic, aimed at understanding stakeholders' needs and the metrics required to support their decision-making functions. Metrics may include measures of high- performance turnover, rate of employee promotion, cost-per-hire, effectiveness of recruiting, and quality of hire.4 With dedicated staff, the analytics team helps leaders understand the numbers and how to act upon them. Advanced Analytics. Just 10 percent of organizations use reporting that is strategic,5 focused on understanding the root causes of organizational challenges to proactively identify issues and recommend solutions. Many organizations centralize their analytics teams at this stage, expanding metrics collection and sophistication of data analysis. Predictive Analytics. Only 4 percent of organizations utilize predictive models6 and scenario planning to "tell a story" easy for others to grasp, helping reduce and mitigate risk and integrate fully with organizational strategic planning and corporate development.

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The bad news: Just 8 percent of organizations say they have usable data, while less than 10 percent believe they understand which dimensions of talent are performance drivers.

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A 2014 survey of 230 business executives, HR professionals, and managers reported that the key roadblocks to realizing better use of data analytics for HR are: Institutional constraints: inaccurate, inconsistent, or hard-to-access data (54 percent); lack of HR analytics skills/training (47 percent); and lack of adequate investment in resources (44 percent). Cultural constraints: leaders and employees do not see value in a data driven culture (37 percent); lack of C-suite support (29 percent); and HR does not know how to successfully relate analytics to business outcomes (27 percent).12 Some of these findings are echoed in a 2015 article in McKinsey Quarterly, which notes three factors that can bog down data analytics efforts:13 Senior decision-makers may balk at investing in analytics, often because initial forays into analytics yielded modest results. These may have been at the dawn of the "big data" era, when enthusiasm may have outweighed experience in turning data into transformative insights. Decision-makers often lack confidence that analytics will improve their decision making, in part because analytics tools and processes are difficult to use or understand. They instead rely on old instincts or guidelines. Existing corporate practices may frustrate the collection and analysis of data. Other than companies like Facebook or Amazon, which have analytics at the core of their operations and mentality, it's a challenge to integrate data into the corporate infrastructure and decision-making processes.

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Any analytics journey will encounter times of amazing insights and times of absolute frustration. One example of the latter, which can stall many an analytics project before it ever gets off the ground, is someone blocking access to critical data. A data owner may have legitimate reasons not to trust anyone else with access; sometimes, performing effective analytics requires data that is proprietary, valuable, confidential, and/or potentially damaging to an individual, group, company, or customer—or simply perceived as such. Data owners, being human, may be territorial, political, or just plain uncooperative.

Highlight (Yellow) | Page 107

> It’s essential to find and understand root causes rather than jumping to solutions that only treat symptoms. At Exalted, Chloe identifies several counterintuitive outcomes that on the surface don’t make sense, but she presses on. Why would the reps with the highest sales have the lowest commissions? Had she discarded that finding because it was counterintuitive, she would not have learned that their quotas were set unrealistically high, which also explained why these same reps had the highest attrition rate. Similarly, Chloe uncovers that most sales reps left because of their manager, but had she stopped there—because that’s unsurprising—she wouldn’t have learned that the managers whose reps were most likely to quit were recently promoted and didn’t complete manager training. Continuing to search and search and peel back the layers for the core “why” is at the heart of good quality analytics work.

Highlight (Yellow) | Page 109

> CAUSATION VERSUS CORRELATION When looking at relationships between KPIs, it’s important to keep in mind that just because two variables are associated or correlated does not mean we can easily tell which one causes which. Sure, if we see that rain and wet grass always happen on the same day, it’s easy to conclude that the rain caused the wet grass. But that’s only because we have reliable experiential knowledge of weather’s effects.

Highlight (Yellow) and Note | Page 109

> A Harvard Business Review article4 warns what happens when businesses ignore Lewis’ Moneyball message about the twin dangers of relying on intuition and failing to understand the relationship between cause and effect. Overconfidence bias. People routinely overestimate their abilities, including their business judgment. Our confidence in intuitively knowing what is right is frequently at odds with reality. Availability heuristic. We tend to weight our judgments in favor of more recent information or on what we can readily recall (what is most available to us), thinking that can lead to flawed outcomes. Status quo bias. Doubling down on what we know, or preferring the status quo to the unknown, may lead us to manage with stale data or ignore indications of shifting metrics or performance drivers. To avoid these perils, make sure that you collect a wide variety of KPIs, and then make judicious use of descriptive and diagnostic analytics.

Indeed... via @dearbornjenny

Highlight (Yellow) | Page 139

> Chloe and team also discover another classic senior leadership mistake: ignoring employee engagement numbers, especially ones that are clearly trending downward.

Highlight (Yellow) and Note | Page 141

> These are often very emotional conversations that can shake people’s confidence and long-held beliefs. Pam does an excellent job of conveying to Bobby and Anne that this is a partnership, not a crusade, and although Tom Ashcroft doesn’t give Pam a chance to reply, she’ll eventually have to win him over as well. Ultimately, she’ll let the data speak for itself. It is much harder to refute data than intuition.

The buy-in from other execs seemed unrealistically easy

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> When planning a data analytics initiative, you may want to keep these principles in mind: Gain buy-in from the beginning by talking to everyone involved and inviting their participation. Tell them, tell them again, and then tell them again. People need to read and hear information several times to become comfortable with new ideas, with time and space in between to process the change. Understand the Kübler-Ross Change Curve (sometimes called the change acceptance curve)—where you came from, where you are, and what's coming up next in your change journey.2 Include detractors in the inner circle of your team. Consider making your biggest detractor your chief lieutenant. If relevant, hold him or her accountable for successfully carrying out assigned change-related responsibilities. Search for people who can be helpful. Be a connector. Conduct skip-level meetings all over the organization. Don't simply recruit people according to title or position. Look for the influencers and people who are doing amazing, cool, impactful work.

Yes. Smart advice from @dearbornjenny

Highlight (Yellow) | Page 169

> While it can be tempting to remove weak players quickly, it's far better to understand and address what's causing them to under-perform and then help them with targeted interventions.

Highlight (Yellow) and Note | Page 192

> Prepare others. Another key part of preparation involves your allies and leaders. Never surprise your executive team in front of the board.

Important advice from @dearbornjenny

Highlight (Yellow) | Page 195

> Don't rely solely on software. Resist the urge to rush out and buy analytics software, which will do you no good unless you have people who know how to use it and a back end that can supply the right data.

Highlight (Yellow) | Page 195

> Get the right expertise. If you hire a data analytics expert, bring in one who understands both business and technology and can help solve your problems, not simply help you with the technical aspects of analytics. Ideally, that person will also have HR experience.

Highlight (Yellow) | Page 199

> As summarized in the Chapter 3 Commentary, data analytics is commonly categorized as descriptive, diagnostic, predictive, or prescriptive. Below are additional explanations and insights on each of these four stages.

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> 1. Descriptive Analytics Explanation: Descriptive analytics is a process of discovery that answers the question “What happened?” by means of reports and dashboards. Although this is the first and least technologically sophisticated of the four levels, it is still very powerful. As we saw in Chapter 4, descriptive findings led Chloe toward deeper discoveries. But you’ll likely still need to answer why the data says what it does and which variables are most influential, requiring more advanced analytics that employ statistical algorithms.

Highlight (Yellow) and Note | Page 201

> Insight: A common pitfall of descriptive analytics is selection bias. If you have some hypothesis about what’s going on in your business, you could almost certainly come up with five charts that support your hypothesis. Yet it’s often possible to come up with other charts that show just the opposite. The danger is that, even without realization or intent, you may find yourself presenting only the charts that support your view. Data packs the power to convince an audience of something that isn’t entirely true. Statisticians and others who present data have an ethical responsibility to use this power accurately and fairly.
>
> **So true via @dearbornjenny**

Highlight (Yellow) | Page 201

> 2. Diagnostic Analytics Explanation: Descriptive analytics can surface interesting or unexpected results that raise important questions, such as “Why are few high-quality candidates accepting job offers?” or, as in the example above, “Why are high-performing reps failing to meet quotas?” Diagnostic analytics, a powerful methodology that dives deeper into the data using a variety of analytics tools, can often answer these questions very effectively.

Highlight (Yellow) | Page 203

> These four stages (descriptive, diagnostic, predictive, and prescriptive) are not necessarily sequential. They’re just a helpful way to divide analytics work into manageable chunks.

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> 3. Predictive Analytics Explanation: Once you have a good sense of what your data is telling you, it may be time to deploy predictive models. Predictive analytics approaches are about using already- collected data to train models that will attempt to generalize to other situations (in other words, to new, unseen data). For example, the people who built your computer’s spam detector trained it by feeding it millions of emails, a portion of which were spam and were identified to the model as such. After processing considerable training data emails and labels of spam versus not-spam, the model’s mathematical optimization routines learned to distinguish spam from legitimate email. It was then able to predict which new emails were spam with a “good enough” accuracy.

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> 4. Prescriptive Analytics Explanation: Once you understand the deeper processes that underlie your data (descriptive analytics), have a sense of why they are happening (diagnostic analytics), and have predictions about the future (predictive analytics), the next step is to act on your knowledge. That's where prescriptive analytics comes in. It produces insights and actions intended to improve future outcomes.

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> Many of the judgment calls involved in the Human Resources disciplines are too complex to replace with modern artificial intelligence or machine learning. In such cases, prescriptive analytics is about arming the experts with additional insights that will help them make better decisions than they could otherwise—and not about replicating those decisions.

Highlight (Yellow) and Note | Page 208

> Unfortunately, at too many companies, the highest- performing person on the team is made the manager, whether or not he or she has any people management skills or even inclinations.

Virtually every organization struggles with this via @dearbornjenny

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> Too often, learning professionals are under pressure to deliver programs that are well-attended and cost-effective, not programs that drive impact. This can lead to focusing on KPIs such as percentage of courses completed and learning delivery costs, rather than examining how L&D investments drive business metrics.

Highlight (Yellow) | Page 220

> Effective total rewards professionals advocate for programs that contribute to customer and business success, which may cost more in the short term but overall yield much higher organizational success.

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