Using Data to Strengthen HR’s Voice in Strategic Decision-Making

May 16, 2018
Presenters

Jacqueline Bichsel, Ph.D.
Director of Research,
CUPA-HR

Erik Smetana
Executive Director,
Compensation and Talent,
Vanderbilt University
DATA-DRIVEN LEADERSHIP

Reliant on Gut or Intuition

Data-Informed

Data-Driven
Poll Question

At which stage would you currently place your institution overall when it comes to most strategic decision-making?

a) Reliant on gut, intuition, experience
b) Data-informed
c) Data-driven
Why is data important?

Our colleagues in finance, IT, assessment and planning, institutional research, and our faculty speak in this language.

People expenses are BIG

- 160M+ workers in the U.S.
- Payroll = largest expense for most orgs (40+% of revenue)
- Turnover = unplanned costs, up to 150%/position

and more...
We don’t know what we don’t know

Most employers, including those in higher education, don’t have a strong grasp on what drives and affects performance...

Respondent links performance and pay decisions

89%

Respondent analyzes data to determine if performance-based pay decisions are effective

42%
Why HR Needs data

According to recent surveys:

- 77% of HR pros cannot determine how their workforce’s potential affects the bottom line
- Less than 50% use objective data to guide decisions
- More than 2/3 of organizations misidentify high potential employees
TECHNOLOGY ISN’T STATIC

Journals, news sites, and others continue to clamor about big data, AI, and the workforce of the future…

400 companies surveyed most with revenues of $1B+

only 4% are really good at analytics

An elite group that puts into play the right people, tools, data & intentional focus

THE COMPANIES THAT USE ANALYTICS BEST ARE…

2X more likely to have top-quartile financial performance

5X more likely to make decisions “much faster” than competition

3X more likely to execute decisions as intended

2X more likely to use data very frequently when making decisions
There is no one approach

Many organizations use one of four common models to integrate data into their operations:

- Business units lead the charge
- Business units lead, but with help from headquarters
- A central team manages all information and identifies and prioritizes initiatives
- An independent “center of excellence” oversees the whole effort

...but none of them are led by IT

IT plays a critical role in Big Data, but isn’t the owner in any of these models
START WITH THE STRATEGIC QUESTION

- Using data to address strategic questions is what will gain the attention of leadership
- What are the big questions/problems your HR department is facing?
- What are the big questions your institution is trying to address in which HR can play a part?
DECIDE WHAT TO TACKLE FIRST

A big win or a series of small wins will convince leadership of two things:

1. More problems should be solved with data
2. You are the go-to person for information
GET THE RIGHT DATA

- Don’t fall into the trap of needing to have perfect data before you start.
- What are some good sources of data?
  - CUPA-HR (of course!)
  - IPUMS (lots of education and census data)
  - Your own IR office
  - Home-grown surveys/data collection
GET THE RIGHT DATA

- Establish an organizational commitment to consistent data
- Identify data sources, collect new data, steward the data
- Listen to leadership and stakeholders to understand what they want, need, and how they best digest information
- Identify benchmarks and trends and begin to measure
- Assess past and present decisions against the data
- Evaluate, predict, and be able to anticipate how future decisions might be affected by HR data

Defined data + Managed data + Analysis = Useful HR data
HOW SHOULD WE THINK ABOUT DATA?

Data, data narratives, and the decisions they drive are either:

- strategic
- operational
- tactical
- transactional
- informational
Example 1:

PREPARING FOR A CHANGING WORKFORCE THROUGH PREDICTIVE ANALYTICS
MAKING DECISIONS WITH DATA

Aging Workforce + Budgetary Challenges + Pension Risk = Data Crisis
MAKING DECISIONS WITH DATA

Aging Workforce + Budgetary Challenges + Pension Risk = Data Crisis
## MAKING DECISIONS WITH DATA

### Data Crisis

### Predictive Analytics

<table>
<thead>
<tr>
<th>Business Unit</th>
<th>Retirement Risk Category (compared to Low)</th>
<th>Retirement Eligibility 2017 / Access Category</th>
<th>Early Retirement Eligible</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Not Vested</td>
<td>Vested</td>
<td>A</td>
</tr>
<tr>
<td></td>
<td>D</td>
<td>B</td>
<td>C</td>
</tr>
<tr>
<td>COLUM</td>
<td>Low</td>
<td>2,962</td>
<td>124</td>
</tr>
<tr>
<td></td>
<td>Medium (2x)</td>
<td>146</td>
<td>308</td>
</tr>
<tr>
<td></td>
<td>High (7x)</td>
<td>36</td>
<td>28</td>
</tr>
<tr>
<td>HOSPIT</td>
<td>Low</td>
<td>2,470</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>Medium (2x)</td>
<td>17</td>
<td>52</td>
</tr>
<tr>
<td></td>
<td>High (7x)</td>
<td>37</td>
<td>48</td>
</tr>
<tr>
<td>KCITY</td>
<td>Low</td>
<td>1,161</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td>Medium (2x)</td>
<td>36</td>
<td>52</td>
</tr>
<tr>
<td></td>
<td>High (7x)</td>
<td>11</td>
<td>7</td>
</tr>
<tr>
<td>ROLLA</td>
<td>Low</td>
<td>519</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Medium (2x)</td>
<td>8</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>High (7x)</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>STLOU</td>
<td>Low</td>
<td>451</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Medium (2x)</td>
<td>24</td>
<td>58</td>
</tr>
<tr>
<td></td>
<td>High (7x)</td>
<td>12</td>
<td>6</td>
</tr>
<tr>
<td>UMSYS</td>
<td>Low</td>
<td>154</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Medium (2x)</td>
<td>7</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>High (7x)</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>Grand Total</td>
<td></td>
<td>7,717</td>
<td>196</td>
</tr>
</tbody>
</table>
MAKING DECISIONS WITH DATA

Strategic Decision Making
Example 2:

Making data-driven decisions about diversity and equity
Strategic Question:
How do we make progress in the representation and pay of racial/ethnic minorities in administrative positions?

Requires a multi-tiered approach
1. Assess where your institution is currently in minority representation and pay
2. Decide what your goals are for minority representation and pay
3. Develop an action plan to achieve those goals
Representation of Racial/Ethnic Minorities in Administrative Positions

• Assessing minority representation isn’t as easy as assessing gender representation
• What are expectations?
 Representation of Racial/Ethnic Minorities, 2001–16

- U.S. Minority Population
- Minority College Graduates
- Minority Higher Ed Administrators

<table>
<thead>
<tr>
<th>Position</th>
<th>Median</th>
<th>Average</th>
<th>% NP</th>
<th>NI</th>
<th>Median</th>
<th>Average</th>
<th>% NP</th>
<th>NI</th>
</tr>
</thead>
<tbody>
<tr>
<td>[127000] Chief HR Officer</td>
<td>117,738</td>
<td>128,205</td>
<td>80.6</td>
<td>669</td>
<td>135,966</td>
<td>149,683</td>
<td>19.4</td>
<td>161</td>
</tr>
<tr>
<td>[129000] Chief Info/IT Officer</td>
<td>139,513</td>
<td>155,557</td>
<td>87.7</td>
<td>659</td>
<td>161,500</td>
<td>175,546</td>
<td>12.3</td>
<td>92</td>
</tr>
<tr>
<td>[131000] Chief Instl Plan Officer</td>
<td>132,223</td>
<td>152,139</td>
<td>88.3</td>
<td>121</td>
<td>146,091</td>
<td>149,562</td>
<td>11.7</td>
<td>16</td>
</tr>
<tr>
<td>[133000] Chief Instl Rsrch Officer</td>
<td>98,268</td>
<td>106,603</td>
<td>82.0</td>
<td>525</td>
<td>95,878</td>
<td>105,406</td>
<td>18.0</td>
<td>115</td>
</tr>
<tr>
<td>[135000] Chief Investment Officer</td>
<td>245,374</td>
<td>303,665</td>
<td>87.1</td>
<td>61</td>
<td>161,740</td>
<td>179,609</td>
<td>12.9</td>
<td>9</td>
</tr>
<tr>
<td>[137000] Chief Legal Affrs Officer</td>
<td>201,089</td>
<td>224,169</td>
<td>83.1</td>
<td>260</td>
<td>202,910</td>
<td>216,752</td>
<td>16.9</td>
<td>53</td>
</tr>
<tr>
<td>[139000] Chief Library Officer</td>
<td>99,348</td>
<td>113,428</td>
<td>91.0</td>
<td>554</td>
<td>115,903</td>
<td>129,507</td>
<td>9.0</td>
<td>55</td>
</tr>
</tbody>
</table>
Assessing Pay Equity

• Compa-ratio
  • Useful calculation for assessing salary equity

compa-ratio = \frac{\text{salary}}{\text{median}}

• Compa-ratios of 1 indicate salary equity, much below indicates inequity
• Example: a position has a median salary of $85,000
  • Salary of African-American employee(s) in that position = $78,980
  • Compa-ratio = .92
• Can use compa-ratios with single positions or departments
You can have data without information, but you cannot have information without data.

--Daniel Keys Moran
Questions?

Don't forget to submit your questions to our presenters.

How? Click on the chat tab on the left.
Thank You!

“Using Data to Strengthen HR’s Voice in Strategic Decision-Making”

May 16, 2018

Jacqueline Bichsel, Ph.D.
Director of Research,
CUPA-HR
jbichsel@cupahr.org

Erik Smetana
Executive Director,
Compensation and Talent,
Vanderbilt University
erik.smetana@vanderbilt.edu