

McKinsey&Company

Linking Talent to Value with People Analytics


Hunt Scanlon Conference
April 5, 2018

“The social sciences, I thought, needed the same kind of rigor and the same mathematical underpinnings that had made the 'hard' sciences so brilliantly successful.”

Herbert Simon

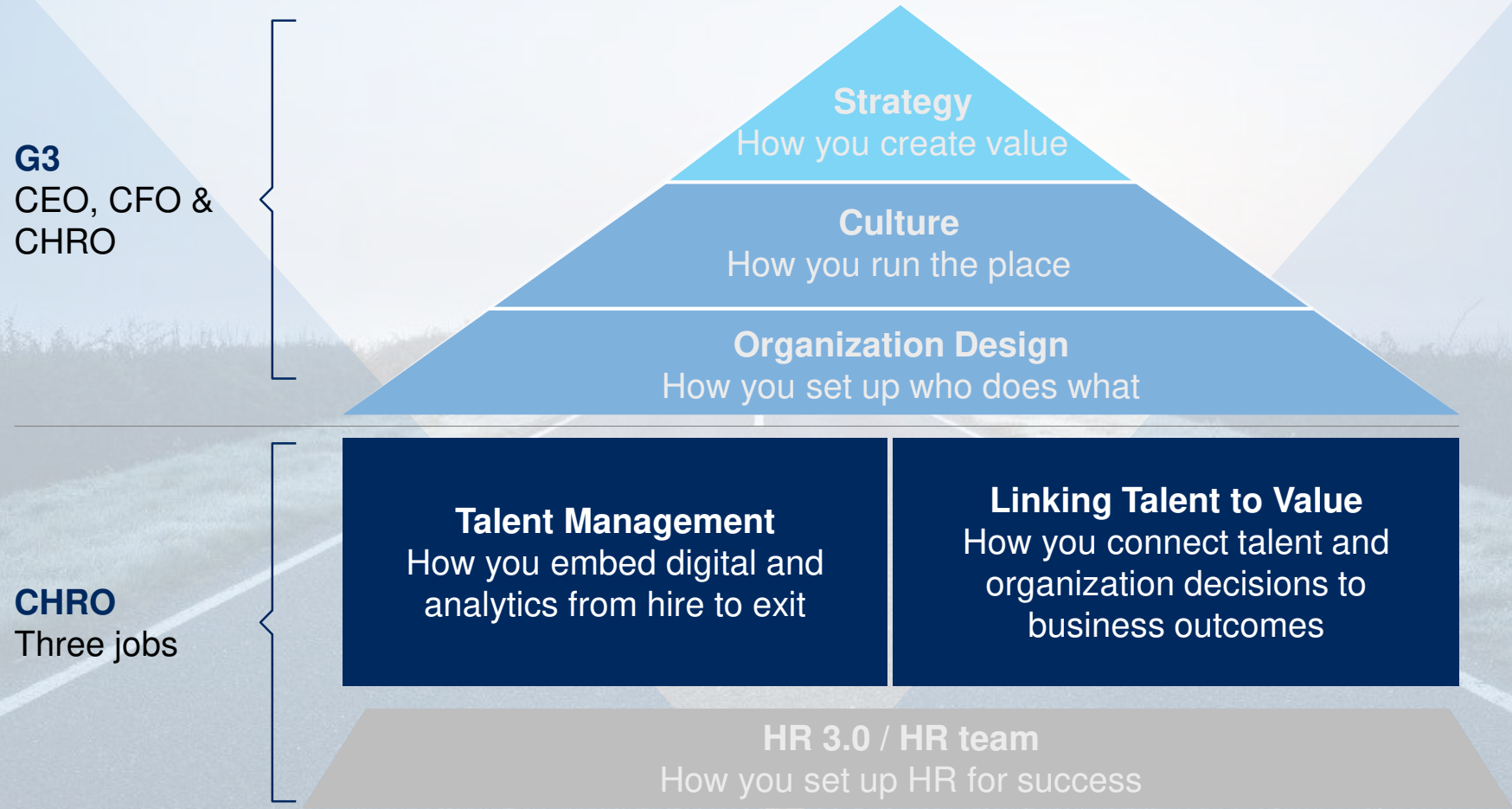
Organizations must evolve to meet the demands of an exponentially changing environment

- The speed, pace and depth of today's changes are unlike anything we've experienced before.
- Change is no longer linear
 - **It is exponential**
Talent is the only sustainable source of competitive advantage
 - **CEOs consistently rank it as a top 3 concern**

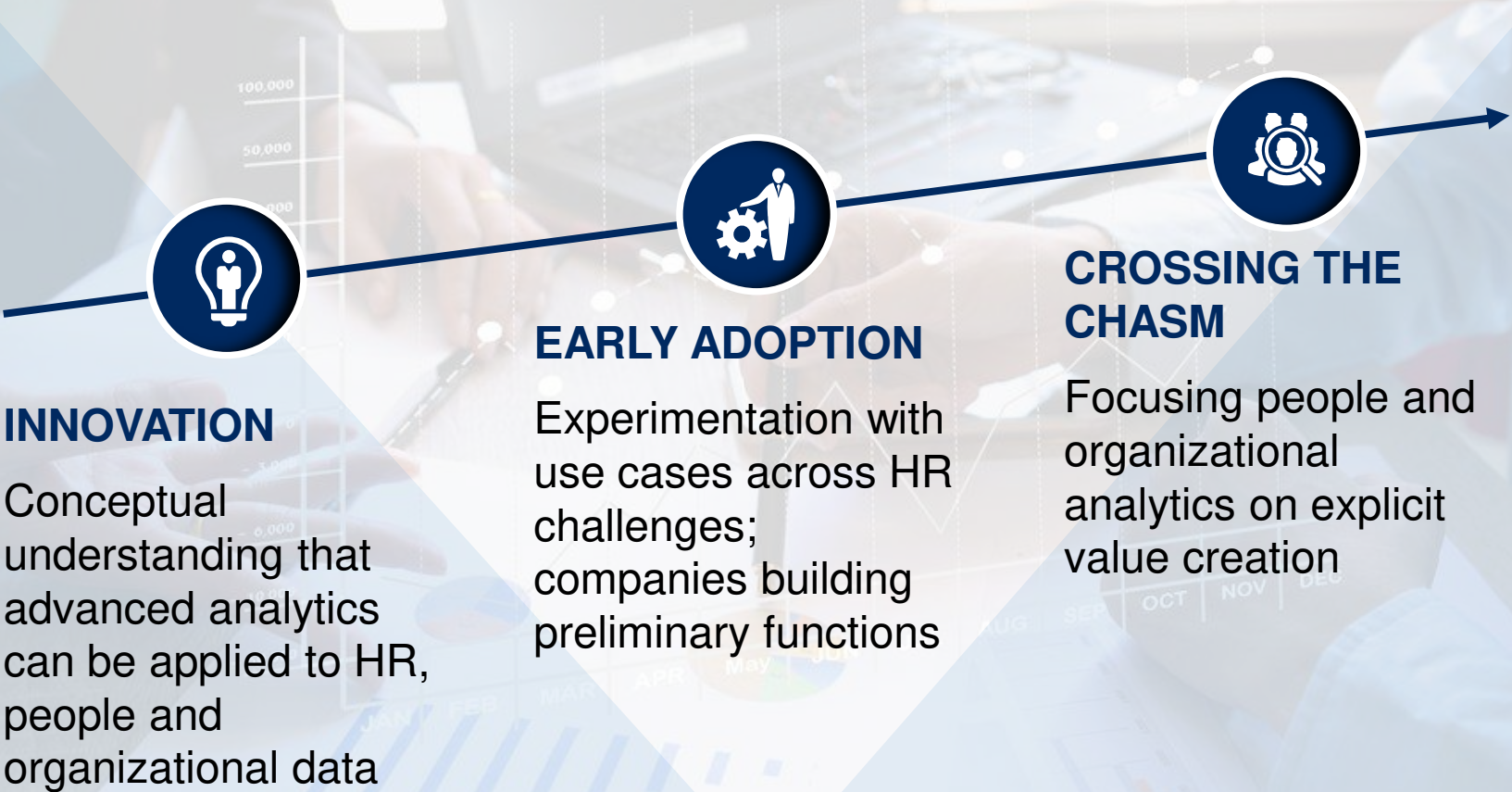


Does your company have the talent to capture value in this changing world?

The role of HR is evolving



People Analytics is the ideal lever



INNOVATION

Conceptual understanding that advanced analytics can be applied to HR, people and organizational data



EARLY ADOPTION

Experimentation with use cases across HR challenges; companies building preliminary functions



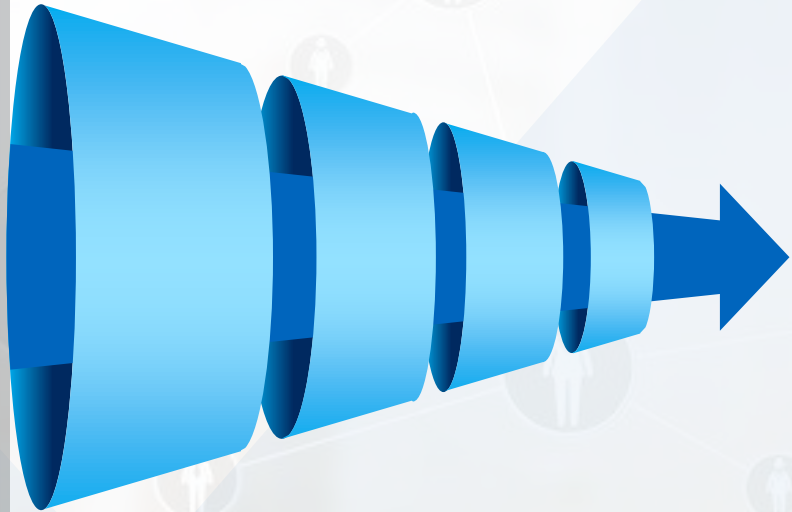
CROSSING THE CHASM

Focusing people and organizational analytics on explicit value creation

Wait, what is People Analytics?



- Who people are**
Individual data
- What they think**
Survey data
- Where they work**
Environmental data
- How they do their job and interact**
Behavior data



In the evolving space, we see – largely – two ways to create value

1



EFFICIENCY AND EFFECTIVENESS IN CORE HR TALENT PROCESSES

Incorporate advanced analytics into talent management processes and re-wire the business to use them; design HR/ PA Analytics functions with clear roadmap

2



DRIVING THE BUSINESS & TALENT STRATEGIES USING DATA

Increase performance by determining the optimal mix of selection, onboarding, training and management actions

Core HR processes

1



Workforce Planning



Talent Sourcing



Selection



Onboarding



Learning and Development



Performance Management



Succession Planning



Retention

Business and Talent Strategies

2



What's the optimal span of control to manage attrition and drive sales?

In a world of exchanges, what matters in selling insurance?

How do you identify and select 100+ C-suite executives for a public healthcare organization?

Who should lead the \$500 million company you just acquired?

Where do you find the best female R&D engineers with clinical experience?

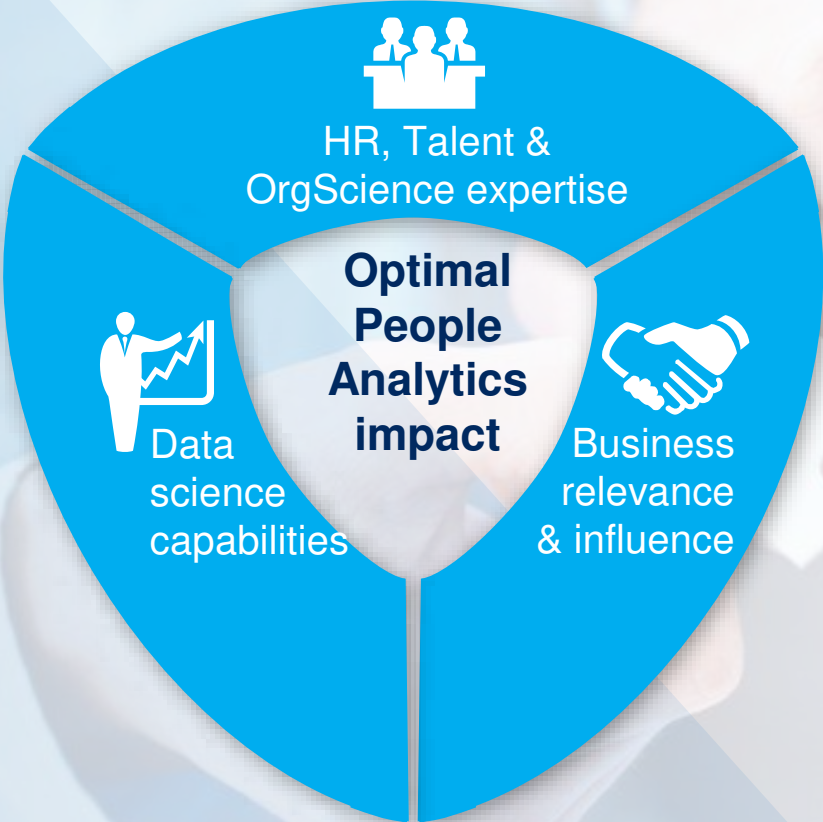
What is the most attractive market for Internet of Things engineering talent?

Does an Ivy league education matter in a hedge fund?

How do you reduce the bias in a portfolio manager's decisions?

How should field leaders allocate their time?

Getting it right is hard



Organizations must draw on three distinct capability-sets

Our aspiration for People Analytics

- * Part of the CEO agenda
- * Total orientation around business performance
- * Go anywhere human behavior matters

Implications



Start with the value agenda



Find the “human component” in performance



Make it a team sport to blend art with science



Apply agile principles and focus relentlessly on value capture

McKinsey & Company