

**HR Metrics:
Building a Scorecard
that Measures Impact and Success**

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Today's Topics

An Introduction to an HR Scorecard

- Elements of Scorecarding
- Creating meaningful, measurable outcomes for HR
 - A strategic alignment/integration of HR
 - Focus on ROI factors of HR activities
- Steps to building and implementing an HR Scorecard


Throughout

- A review of current literature & best practices
- Questions/Answers/Open Discussion



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Measuring Success?



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An HR Scorecard...

Many definitions and explanations, but...

A means to achieve a “balanced” set of measures of the impact of HR on its deliverables to the following

The diagram depicts a balance scale with a triangular fulcrum at the bottom center. On the left side of the scale, there are two light green boxes: 'Employees' on top and 'Processes' on the bottom. On the right side, there are two light green boxes: 'Clients' on top and 'Resources' on the bottom. The scale is shown in a slightly tilted position, suggesting balance.

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What is the Value of an HR Scorecard

It Provides

- An evaluation and evidence that investments in HR and the workforce help execute strategy through culture, mind-set, capabilities, and behaviors created in the organization
- The causal relations between HR initiatives and **business solutions**, not HR solutions
- A focus on Key Performance Indicators (KPIs)
- Typically a *qualitative* element of evaluation (not just a quantitative accounting of accomplishment)

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An HR Scorecard requires two focal points:

1. Identifying points of measure for the HR program that
2. Integrate the efforts of the HR program into overall initiatives of the organization

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Drivers of an HR Scorecard

Building up:

1. Right HR Professionals – skilled HR practitioners
2. Right HR Practices – policies/practices
3. Right Types of Alignment – HR aligned with business strategies
4. Right HR Function and Workforce Costs – total investment appropriateness
5. Workforce Success – behaviors, capabilities, mind-set, culture

What HR Does

What HR Delivers

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Determining HR Program Metrics

Focus on measuring results and impacts from the perspective of:

- Customers
- Employees
- Stakeholders
- Organization



Identify KPIs tied to overall organizational success

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Determining HR Program Metrics – Think High Impact, Think Value

High impact metrics should indicate something about the value of the HR practice/initiative tied to the success of the organization





Key Performance Indicators, leading not lagging indicators

Determining Metrics

What metrics and factors matter short-term and longer-term?

- Work task deliverables across the HR continuum
 - Recruitment costs/time duration
 - Performance ratings
 - Employee engagement
 - Training and development needs, costs, application
 - Turnover

Think high-level beyond the day-to-day:

- Customer
- Employees
- Stakeholders
- Organization

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Metrics Tutorial

- Metrics/scorecard can be developed for multiple levels in an organization:
 - Organizational level
 - Department level
 - Unit level
 - Work team level
- Metrics should be congruent with the organization's leadership's initiatives and cultural directives
- Metrics/key performance indicators typically rely on external data – external to HR programs, transactions, employees – making them high impact, high value

Focus on strategic alignment with:

- Mission
- Vision
- Values

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Metrics Tutorial (cont.)

- Metrics/scorecard to serve multiple purposes:
 - a planning tool
 - a measurement tool
 - a communication tool
 - an engagement tool
- Metrics/scorecard help employees know/understand how their work is important *and* connected to the overall strategy and mission of the organization
- Metrics/scorecard establish a *clear link* from organizational strategy to each employee's performance management plan in a cascading fashion

Focus on strategic alignment with:


- Mission
- Vision
- Values

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Developing a Scorecard

How-to Methodology:


1. Decide to begin – why now, what’s the focus
2. Build your team – who should help define the metrics
3. Build consensus around strategic objectives (*customer, financial, employee, processes*)
4. Define/design specific metrics
5. Design measures for each objective/metric, with targets and initiatives
6. Build the implementation plan
7. Build the communication plan
8. Implement, monitor, revise



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Developing a Scorecard

- There is no single format for presenting/depicting the scorecard
- Each organization’s scorecard should align its metrics and present them in a meaningful way
- The metrics should tell a story “at a glance” for the organization to the trained eye



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Scorecard Examples

Focus on objectives, measures, targets – means to gauge success of the program initiative under review




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In Summary



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Guiding Principle
HR is a system
NOT a series of processes



- Scorecard efforts and metrics should reflect this
- Data points of high impact will yield better strategic success measures and evaluation

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HR Metrics matter...
...but only those that are meaningful to indicating the success of an organization



- Tracking progress with weak measures not a sign of progress
- Measuring for the sake of measuring may be wasteful and can be misleading
- Each organization has to define its own success

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Best Practices from the Research

- Link HR metrics & processes to total workforce deliverables – qualitative & quantitative measures
- Key measures should be developed in-house, not taken from an “industry” list
- Organization’s leadership should embrace the value of the link between HR *impact* metrics and the mission/vision of the organization
- HR should drive the scorecarding process in tandem with the organization’s leaders

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Thank you!!

Final Questions/Points?



Resources on next page...

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