



**The Analytics of Engagement:  
Why, What, How?**

Laurie Bassi, Ph.D.  
McBassi & Company  
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# Why All the Buzz About Analytics?

## Opportunity

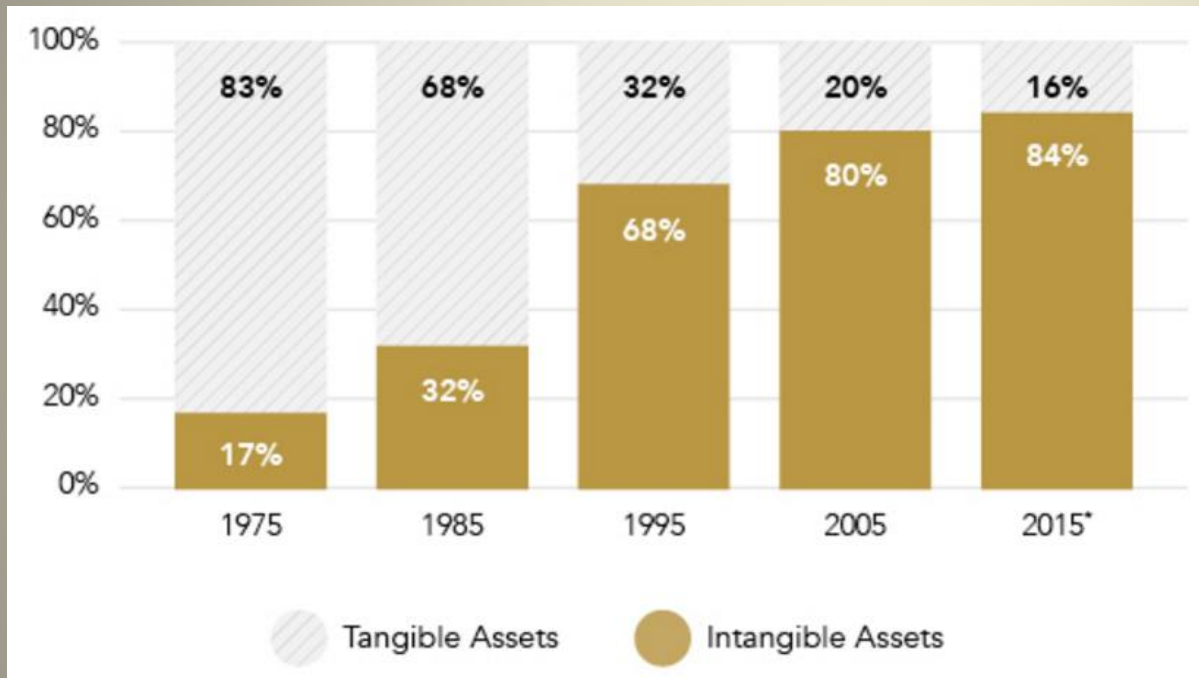
- Advances in hardware, software & data availability

## Necessity

- Increasing role of intangibles in value creation

# Why Analytics?

## Intangibles Make Up the Vast Majority of S&P 500 Market Value



Source: Ocean Tomo, LLC; 2015 data as of 1/1/15.

<http://www.oceantomo.com/blog/2015/03-05-ocean-tomo-2015-intangible-asset-market-value>

## Implications

Intangibles drive value.

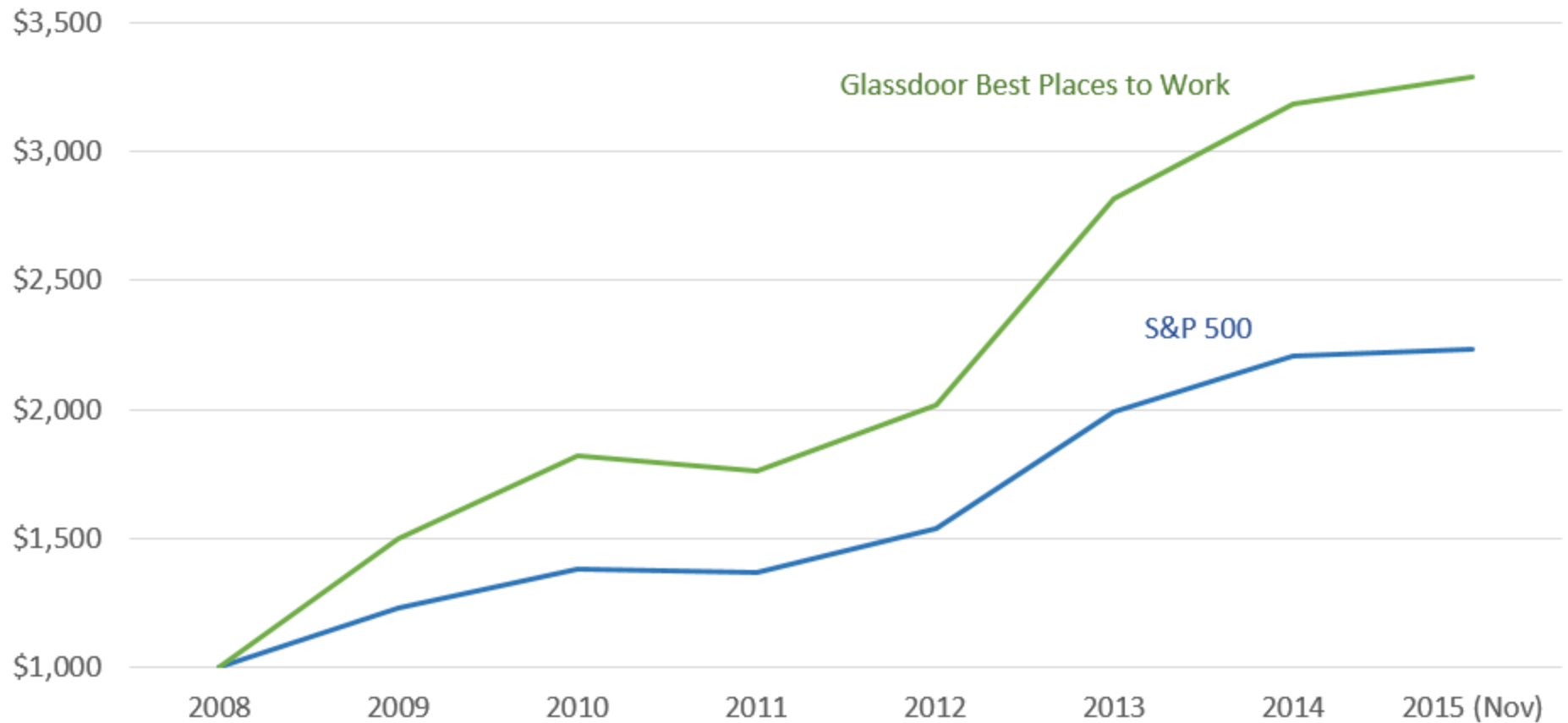
Human capital is the source of all intangibles.

Human capital management is now an essential organizational competence.

Engagement analytics is now an essential competence.

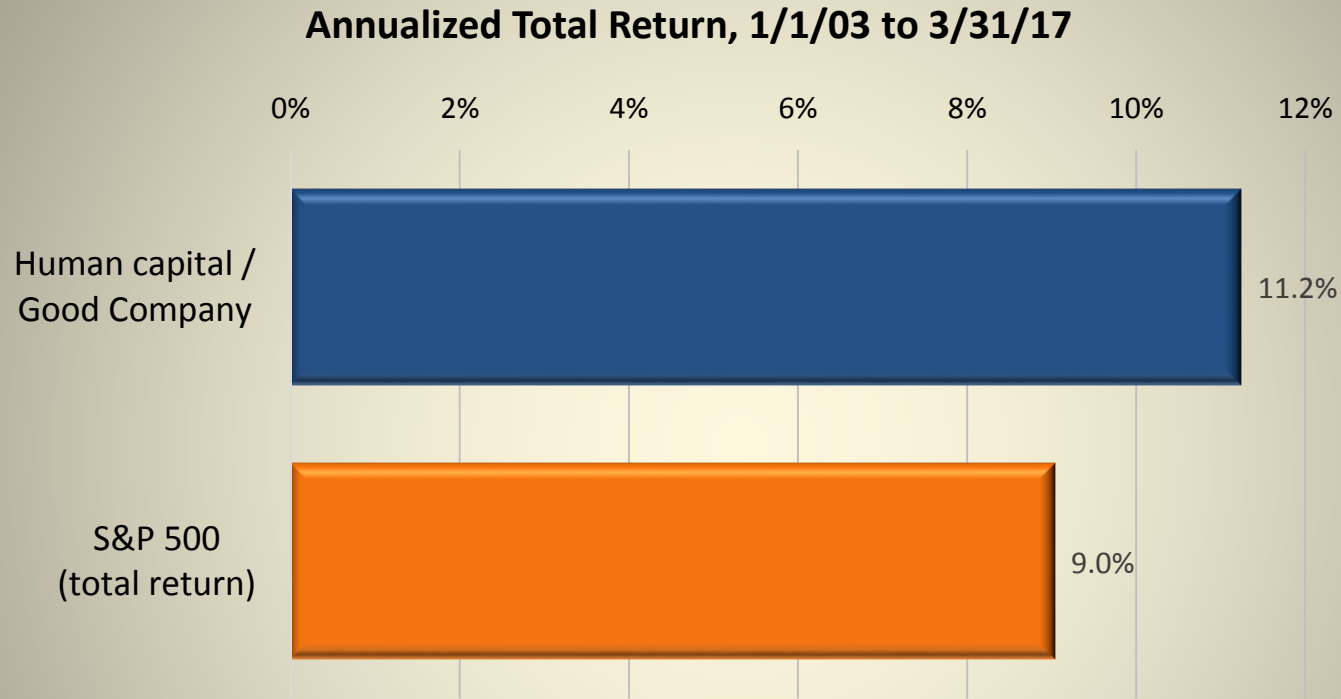
# Why Investors Are Interested

Value of \$1,000 Invested in Companies Rated "Best Places to Work" by Glassdoor



Sources: Glassdoor and WSJ.com

# We've invested on this insight for over 14 years



Blue bar represents combined performance since January 1, 2003 (before fees), of two live portfolios invested based on firms' human capital and "Good Company" strategies and principles.

**Cumulative performance: +457% for Human capital/Good Company, +343% for S&P 500 total return.**

# A convergence of economic, social & political forces has...

Elevated the strategic importance of people

Made analytics a necessary core competence

Raised the bar on what constitutes “Analytics”



**What Is Analytics?**

# The Purpose of Analytic is to...

Analytics is a systematic process for creating actionable *insights* for driving better *business results* by *linking* together disparate pieces of *data*



Analytics  $\neq$  reporting

Analytics  $>$  reporting

# Problems that are being addressed through analytics

- Employee engagement
- Regretted turnover
- Training effectiveness
- Workforce diversity
- Leadership effectiveness
- Absenteeism
- Stress
- Productivity
- Customer service issues
- Safety
- Failure to innovate
- Sales
- Cost containment
- Profitability

A close-up photograph of several white eggs in a carton, with one egg in the center being a golden color. The text "How to do Analytics" is overlaid in the center of the image.

# How to do Analytics

# Two observations

## 1. Mountains of “activity data” are now available:

- Number of people/who visits the portal
- What parts of portal accessed; news, how-to, tests, quizzes, rewards, program rules
- Which types of programs accessed, sales, safety, customer, spot recognition, wellness, length of service
- Performance of individual, group versus other individual/groups in programs, including sales, wellness or other goals
- Responses to surveys
- Results of tests
- Participation in peer-to-peer or manager to peer recognition
- Performance in incentive or loyalty programs
- Participation in internal social media activities
- Suggestions made/approved
- Feedback provided
- Rewards earned, types of rewards redeemed -- cash, merchandise, gift cards, perquisites, etc

## 2. Activity $\neq$ Results

# The 4 keys to powerful analytics

1. Insightful descriptive statistics
  - Avoid “activity data dumps”
  - Present a clear picture of the “engagement lay of the land”
2. Predictive analysis
  - Linking activities to business outcomes
  - Identifies which activities are producing the intended results
3. Proscriptive analysis
  - Use the findings from #2 to identify the ROI of an array of engagement activities
4. Easy-to-understand reporting
  - Less is more
  - Don’t make busy executives sift through piles of charts and figures – tell them the answer!

# State of the art

## Statistical linkage of “people data” to business outcomes



# Key take-aways

1. Burying clients in mountains of tables and charts does not add value
2. This path is not for the faint-of-heart
  - It tends to debunk accepted management wisdom
  - Identifies where not to spend money, as well as where to spend more money
3. Done well, analytics will help elevate your status from a vendor of commodities to a strategic business partner



**Laurie Bassi**

*email* [LBassi@mcbassi.com](mailto:LBassi@mcbassi.com)