

Using Metrics to Determine the Nature of HR Activities

Measured results don't always offer a complete picture of whether an outsourced activity completely meets the client's needs. **By Naomi Bloom**



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After having read the previous columns in this series, you've got a metrics spreadsheet with the HRM domain model—mine or yours—arrayed as the columns and the metrics taxonomy—again using mine or yours—arrayed as the rows. Now we have to decide which actual metrics to use, along with their target values and the time periods, across which we'll bud-get/forecast and then measure them. Before you conclude that I'm even zanier than you've heard, rest assured that you are not going to fill in all or even most of the cells. We could do that, but the effort would far outweigh the benefits, and we would have turned analysis paralysis into an art form.

Instead, we're going to focus on the **critical few**, just those metrics (if you're an end-user organization) that are VERY important to the achievement of your business outcomes (which presumes that your organization has well-defined business outcome metrics, target values and times, and that you've already drawn a line of sight to the HRM outcomes that are critical to achieving them) as well as to the running of your HRM business and HRM delivery system. If you're the operational leader of an HRM shared-services organization within an end-user organization or are an operational leader of an HRM BPO provider, you may expand the critical few to focus on the metrics you must have to run your delivery of HRM processes as efficiently, effectively, and profitably as possible.

Also we're not going to get into a snit about what's strategic and what's administrative because we're going to use a very simple business rule to make that distinction. If the HRM process under discussion has a direct impact on increasing business revenues and/or materially impacting business profits, then it's strategic. If the process is not—however worthy, difficult, and important to the organization—it's administrative.

Shortening the time from known need for another salesman until a new salesman is fully productive is very strategic. Shortening the time from the end of a pay period until that payroll is fully distributed is very administrative, albeit a worthy goal. Shortening the time to zero between release of a new product and having a suitable

sales incentive plan in operation to support that product rollout is very strategic. Shortening the time to zero between an employee wanting to request leave and having done so is very administrative—although the design of the leave plan might be strategic where it allows the firm to recruit more effectively among specific, desirable populations. Rather than wasting one moment of your time debating what is or isn't strategic by HRM process, you can always collapse the metrics categories from the 12 shown in the previous column to just six, and expand them again as needed. For purposes of explaining each category, I'm going to do just that.

HRM administrative and strategic process activity metrics—produced as a natural by-product of conducting the underlying administrative or strategic processes, these are the familiar “who did what, at what cost, with what volumes, and with what elapsed times.” They describe what happened but not why it happened, what results were produced, whether it happened very well, nor in what way and how well these activities contributed to the achievement of essential HRM or business outcomes. With respect to industry benchmarks, these are the most easily available, especially for the more administrative aspects of HRM processes, and they are often used in developing the business case for investments in HRM and the HRMDS, as well as the starting point for finding direct cost savings.

With respect to outsourcing, these types of metrics are often the starting point for developing service-level agreements, but they are totally insufficient for ensuring that business outcomes are met. These metrics tell you how much it costs to hire and how long it takes to hire but not whether you're making the right hires. They say how many “paychecks were cut” and how many hours after the close of the pay period they were “cut,” but there's nothing here about their accuracy or, more importantly, the behavioral impact of your various comp and benefit plans. Activity metrics tell you how many hours of training were taken, how many safety incidents were reported, how many electronic resumes were received, how many call-center calls were received, etc. **HRO**