# Lies, Damn Lies, and Metrics

**With apologies to Mark Twain, we start Part I in a series of columns on metrics. Time to get out your measuring cup.**

**By Naomi Lee Bloom**

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**B**efore you outsource another HRM process or task, update current outsourcing agreements, or enter into more comprehensive ones, it's important to take a good look at your service level agreements (SLAs) and who is being served by them. If your SLA metrics and target values are more about the manufacturing process (the HRM delivery system [HRMDS] and how quickly and at what cost and quality it is operating) than about the finished goods (the HRM and organizational business outcomes that you're trying to achieve), you could end up hiring people faster and at less cost. But they would be the wrong people.

By now we all know that you can't improve what you don't measure, but the dirty little secret of HRM and HRMDS metrics is that you will only get improvement in the metrics on which you focus. All too often, those are the HRMDS metrics rather than the HRM or organizational business outcomes.

HRMDS metrics are easily established target values that are measured periodically. How many calls did the call center receive, how quickly were they answered,

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how accurate were the answers, and how many were resolved with the first call? How many pay checks were issued per payroll cycle, with what degree of accuracy and timeliness, and what was the elapsed time between the close of the payroll cycle and distributions?

While these examples are important to the efficient running of the HRMDS—and therefore of interest to both outsourcing providers and their customers—we could do all of this to a very high standard of low cost, rapid turnaround, and high quality without helping our organizations increase revenues or profits, bring new and better products to market faster, or enter and dominate new markets more predictably. Although the HRMDS's behaviors and capabilities are critical to achieving more strategic HRM and organizational business outcomes, we won't get those outcomes unless we can establish the right metrics for them, do the heavy lifting necessary to achieve them, and be prepared to pay for this to happen.

With apologies to Mark Twain, starting with this issue, I'm beginning a series of columns that will take us from the simplest of HRM and HRMDS activity metrics, to those that reflect the results of HRM processes, to those that really matter in achieving desired business outcomes. Not all of these are appropriate for use in your outsourcing SLAs, but they are all essential to the running of the HRM business. Whether you've put your HRMDS together and operate it yourself or you're using comprehensive HRM BPO, you need to understand when and how to use the full range of HRM and HRMDS metrics to ensure that you don't achieve the lowest possible cost of payroll operations while increasing your organization's outlays on healthcare or its turnover rate among those employees you most want to keep.

To organize what would otherwise be an overwhelming number of metrics possibilities, these columns will first introduce a model of the HRM domain that organizes all the bits and pieces of HRM processes into a small, very stable set of highest-level processes. Then we'll build up our recommendations around metrics from the simplest and least valuable to the most complex and most valuable. We'll provide examples of those metrics that are useful in running the HRMDS; those that belong in our outsourcing SLAs; and those that belong in our delivered analytics via dashboards (for employees and managers), cockpits (for HRM and HRMDS, including outsourcing executives), and mission control (for HRM process specialists and HRMDS operations professionals at every level).

It's fairly easy to spot those metrics that are useful in operating the HRMDS and even those needed to measure the outcomes of specific HRM processes—independent of both industry and organization. However, there's a great deal of analytical heavy lifting that must be done by the HR leadership in a specific organization to determine by which metrics they'll know if they are achieving their needed business outcomes. Since this is obviously impossible to do if no one has linked organizational business outcomes to HRM business outcomes and HRMDS behaviors and results, you may want to reread my columns from January/February, March, and April 2005 to get further background on the importance of making these links. **HRO**