PREDICTIVE WORKFORCE INTELLIGENCE COMES OF AGE

Perspectives on the Use of Analytics in Talent Acquisition

//// REPORT & SURVEY

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EXPERT PERSPECTIVES BASED ON FINDINGS FROM A SURVEY BY EVEREST GROUP, SUPPORTED BY SEVENSTEP

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Sevenstep commissioned Everest Group, a leading analyst firm, to survey talent decision-makers worldwide on the challenges and opportunities they face in securing workers. One key area of that survey is the rise of predictive analytics. This report draws on findings from the survey to provide a snapshot of how employers are using analytics, along with insights into what recent innovations mean for talent acquisition (TA) decision-makers today.

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Can TA Leadership See What's Coming?

"We don't need more data to see what happened last quarter. We need it to see what's coming next month—and show us what to do about it."

Volatile business conditions deeply influence modern TA. Those conditions can appear as a change in hiring volume, a new urgent business initiative, changes in leadership, a sudden shift in demand for critical skills, or an economic event that alters an employer's need for talent. Rapid changes are commonplace, and they can wreak havoc on traditional quarterly and annual strategies if an organization is caught by surprise and unable to adjust quickly.

The Everest Group survey, supported by Sevenstep, reflects employers' concerns about that volatility, as 55% of decision-makers emphasized rapidly fluctuating business and talent demands as a critical challenge for their organizations, the most cited issue among respondents. Those business issues give rise to a host of TA-specific challenges, from improving hiring efficiency to making better decisions around changing scenarios.

//// SURVEY HIGHLIGHTS

Changing Business Demands Create TA Challenges

Concerns about volatility influence all facets of talent strategy. Surveyed decision-makers struggled in several areas, including:

- Improving recruitment and hiring efficiency
  77% (cited by respondents)

- Making decisions around rapidly changing business scenarios
  56%

- Challenging talent markets, with fluctuations in supply and demand
  54%

- Optimizing workforce planning and forecasting
  53%

- Gaining intelligence on compensation and wages
  27%

Source: Everest Group

55%
of decision-makers

emphasized rapidly fluctuating business and talent demands as a critical challenge for their organizations.*

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The Eyes of Talent Technology Turn Forward

Shedding light on complex processes and changing business conditions is now a major focus for innovators in data analytics. Creative applications of artificial intelligence (AI) lead to maturing analytics platforms that provide visibility into every aspect of TA. Those platforms aggregate data sources into a single view of all TA processes, resources and activity. They analyze data and provide context to identify problem points or inform fundamental decisions. And they have led to the most advanced form of talent analytics in use today: predictive workforce intelligence.

Predictive analytics now give decision-makers a forward-looking view **of future conditions, potential risks,** and **impacts of decisions.**

In the right hands, those capabilities can narrow the gap between what talent decision-makers know today and what actions they need to take to stay on course, avert problems, and achieve the best outcomes tomorrow.

But predictive workforce intelligence, a concept that distinguishes a forward-looking talent analytics capability from one that merely delivers current-state reporting, is not yet part of the everyday capabilities of most organizations.

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Gauging TA Analytics Capabilities, Opportunities and Adoption

The advent of predictive workforce intelligence fueled by advanced analytics provides a lifeline of clarity in an otherwise unclear business environment. For talent leaders, this report provides background for an informed approach to adopting advances in such technology to drive a consistent and effective TA function.

The report focuses on building a better understanding of analytics capabilities and innovations and how they apply to TA. Complementing that overview is insight into the state of adoption of new technology among employers. With a clear view of the forces at play, organizations can embrace a practical technology strategy that puts them in the best position to succeed in a complex and changing market for talent.

Achieving Predictive Workforce Intelligence

For every aspect of hiring, people must make choices, diagnose issues or undertake many tasks requiring human decision-making. Evolving data and analytics technologies provide an ever-sharper view of current and historical data to inform a talent acquisition (TA) decision. Yet, applying historical data to predict future outcomes leaves much to human conjecture.

Technological innovations, including predictive analytics, today provide the ability to connect available data and future outcomes, informing TA decisions with predictive workforce intelligence that was impossible in the past. Instead of guessing the hiring volumes needed for specific roles, talent leaders can project next year's volumes in detail. They can apply accurate, data-driven forecasts rather than guessing at budgets or resources for hiring needs. Instead of wondering what might happen if they altered their strategies, perhaps changing the offering or location, they can run a scenario and see a predicted outcome.

This forward-looking decision-making capability departs from traditional data and reporting systems that rely on historical data. Powered by advances in predictive analytics, it can make the difference between a struggling recruiting effort and a successful TA function during a time of market volatility and business disruption.

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COMMON TERMS USED IN THIS REPORT

This report refers to several related concepts. Below is a quick guide to their use of meaning in the discussion context.

Reporting refers to delivering data and analytics to monitor performance and update relevant information about recruiting performance.

Analytics refers to the computational analysis of data to create insights aimed at informing decisions. Those insights typically create common metrics such as time to fill or offer-acceptance rate.

Predictive Analytics is the analysis of data to identify trends and forecast outcomes. The capability enables TA leaders to replace educated guesses based on historical data with best-option decisions based on forecasts and trends.

Predictive Workforce Intelligence in this report refers to the ability to understand internal, external and market influences based on past, current and projected future data to inform detailed talent strategies and decisions. Predictive analytics is the technological capability that makes predictive workforce intelligence possible.

Three Difference-Makers in Workforce Intelligence

Predictive workforce intelligence is more than simply a function of analytics technology alone. Instead, a truly advanced capability is characterized by three qualities that set it apart from status-quo reporting:

Speed and Flexibility

Employers demand responsive data that automatically connects to TA outcomes. If a data and reporting platform takes days to deliver information, there is little opportunity to run scenarios, perform creative inquiries or explore data to pinpoint issues. A truly advanced analytics capability provides responses on the fly.

Detail of Intelligence

Problem-solving requires decisions that drill down to line-level data to improve performance. If a decision-maker cannot see the details in the TA process where problems can be identified and adjustments can be made, any decisions or strategies will only be blunt instruments for problem-solving. An effective talent analytics capability can pinpoint precise areas where anomalies occur or problems influence outcomes.

Predictive View

A predictive workforce intelligence capability rests on analytics that project outcomes for specific decisions, identify future risks, and continuously improve forecasting accuracy.

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What follows is a brief look at these three difference-makers in a fully functional workforce intelligence platform and what they mean to the business.

Speed and Flexibility

When considering the maturity of its workforce intelligence, the following capabilities all apply in a system built for flexibility in decision-making:

Aggregated Data and Structured Reporting

Well-defined metrics, multiple sources of data and related context are fundamental to current reporting technologies. Effective systems aggregate data sources into a single view, giving the human decision-maker a single source of information, preferably with drill-down detail.

This feature is not new and does not define predictive workforce intelligence, but it is a baseline for reporting and workforce intelligence today. Data aggregation allows visibility into multiple sources, enabling further system innovations to build flexibility.

On-the-fly Intelligence

When relying on past reporting systems, users frequently resorted to manually assembling data points if they needed to find metrics not already built into the system. In a fully advanced system, a user is not confined to established data paths or metrics when "asking" for specific data, testing a theory or forecasting an outcome.

For example, a decision-maker may want to provide an informed prediction of hiring volumes over the coming year. Rather than painstakingly trace requisition volumes for positions in Excel sheets or past reports and then try to repeat the pattern for the upcoming year, they can now rely on a much more informed data-driven forecast. A predictive intelligence function can automatically generate a hiring forecast, adjusting it as needed for evolving skills demands, market changes or new business priorities.

Intuitive/Unsought Intelligence

"We don't know what we don't know" is a cliché that plays out every day. Talent leaders continually struggle with forces outside their standard areas of vision, but an AI-driven analytics platform can pinpoint issues that human observers cannot see.

For example, a system can flag open vacancies that are in danger of aging due to any of a variety of factors, whether that involves the wrong or too few recruiting resources, a misaligned compensation rate, changes in the market, or even a job title or description that may be inaccurate. The driving force behind intuitive vigilance is a machine learning capability that determines and refines trends and patterns and recognizes outliers without human intervention.

Detail of Intelligence

The specifics of any TA decision or strategy rest on detailed information. A workforce intelligence platform must support that level of detail in several ways, including:

Drilldown view and analysis

The drill-down capability in reporting is not new but essential to supporting complex operations. It starts with the ability to see an item on a dashboard, click on that figure and see the contributing data and activities at a deeper level than what appears on the dashboard.

A difference maker in today's technology is that it allows a knowledgeable users to see single data points, trending information, and related data. Through flexible on-the-fly queries, a user can access a near-infinite array of customized intelligence stemming from a mix of data sources, trends and timelines. The result is a view that enables continuous exploration, deeper questioning and more precise problem-solving.

Pinpointing Outliers

In the past, problems such as a slow time to fill, cost overruns, or low hiring manager and candidate satisfaction caused tension between TA and the business. The reason was that the parties involved only had general data and blunt instruments to apply in solving the problem. For example, if the average time to fill is high, simply increasing recruiting resources to an entire TA operation is often ineffective because the average does not pinpoint a root cause.

A modern platform can and should ease that tension because it identifies the specific low-performing outliers in the contributing data to address these issues. The problem could relate to a single location, hiring manager, or event that caused a delay in one area and skewed the entire performance result. Aiming a solution at a specific issue can mean changing the mix of recruiters assigned to one role, working with a hiring manager on decision timelines, or refining the interview and selection process. In each case, the solution can be precise, minimally intrusive, and yield a positive impact.

Automated prioritization

A workforce intelligence function can do more than direct broad planning; it can help prioritize a recruiter's day. Based on a complex array of assignments and varying stages of progress for each candidate and application process, an effective system can predict where the most impact can be delivered and where actions are needed to achieve milestones and objectives.
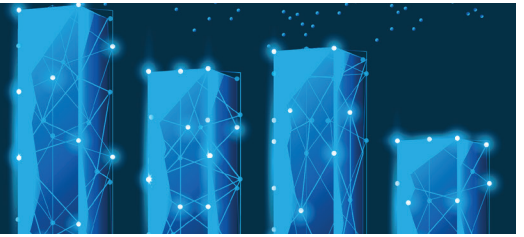
This day-to-day prioritization capability shows that the level of detail in decision-making now directly influences activity at all levels, from executive decisions and strategies to line-level execution of specific assignments.
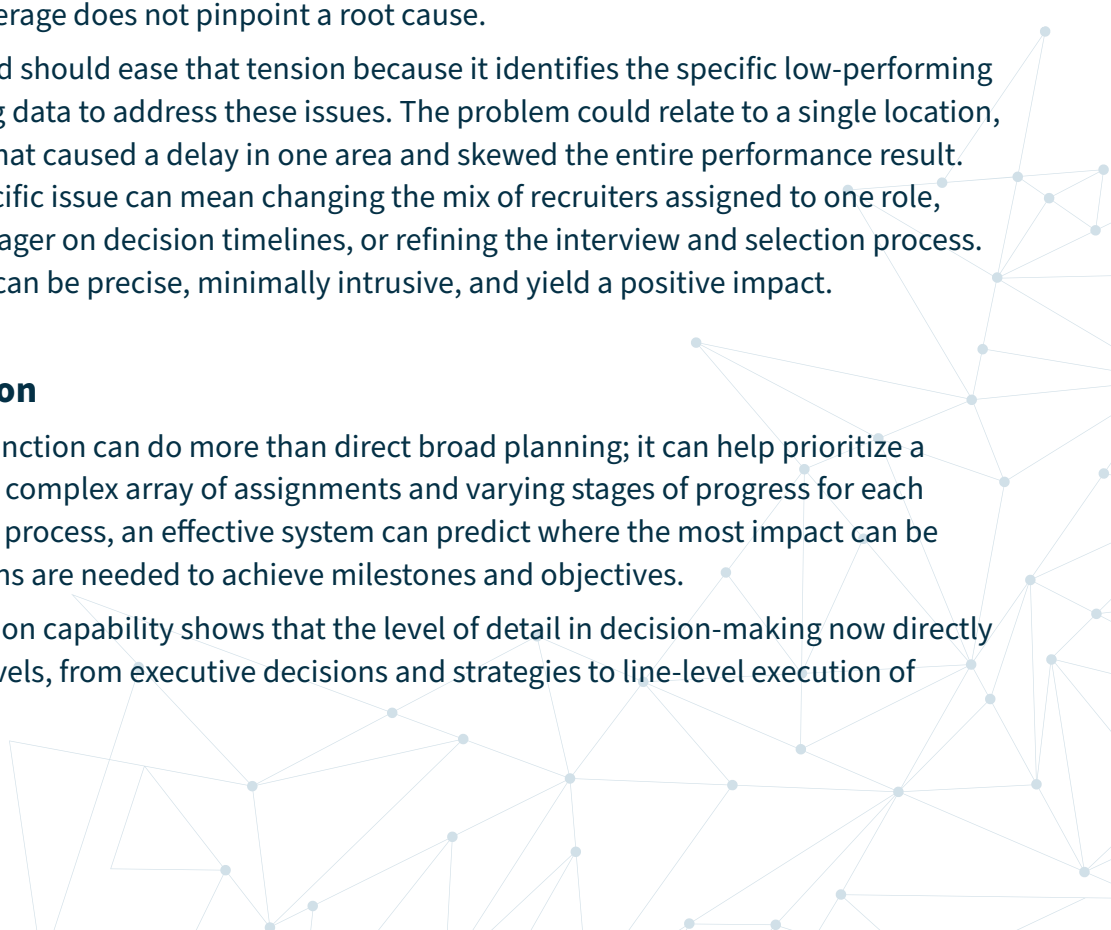
Predictive View

Finally, it is the actual predictive capability of today's intelligence technology that sets it apart. The highest-performing systems apply machine learning to create business-enabling intelligence and forecasts of increasing accuracy and impact over time in key areas of need, including:

Trends and Projections

Many TA reporting systems require extensive manual work for users to gather and compare data points, outline trends over time and then predict future outcomes and conditions based on those trends. As a result, many trends or valuable pieces of intelligence are left unidentified.

The good news is that identifying trends and creating accurate projections are core predictive analytics capabilities. A system can automate the analysis of historical data to inform how quickly an organization can expect to fill roles, how much to pay workers in those roles, or the hiring volume needed. Today's technology brings that trending analysis to a highly specific point, adapting quickly to changing conditions and incorporating new information that may change predicted outcomes.

Scenario forecasting

Because a predictive analytics capability automates the creation of projected outcomes, it brings a level of speed and responsiveness that allows for practical "what if" scenario planning.

A talent planner can input specific parameters or plans into the system, and the platform can project how long a project will take or what resources are needed to secure the talent.

The planning capability frees the decision maker to virtually test decisions, identify issues, and better arrive at best-option plans. The system can forecast likely progress by adding or subtracting resources, changing offers and bill rates, or adjusting any parameter that contributes to the outcome. Will the requisition age? Is the cost too high? Are the right recruiters assigned to the project? The answers to these questions can all be tied to a data-based projected outcome.

Risk tracking and warning

Reporting systems in TA, as well as in nearly every business process, have some level of risk detection or alarm. Typically, the system monitors activity, and when a pre-established threshold is exceeded, or a milestone is missed, it raises notice, not unlike the "check engine" light on a car dashboard.

What if a system could raise an alarm before human parameters are applied or a project launches? Hiring plans can be changed, workforce planning can be adjusted, or different approaches and strategies can be tested virtually through a what-if scenario input. This proactive alarm is a function that predictive analytics can bring to the table. The goal is always the same—to minimize risks to the hiring effort and keep TA on a measured path forward, even as conditions change.

Room to Improve TA Analytics

To truly connect data to decisions, an intelligence platform must offer flexibility, detail and predictive analytics. Survey results show that most currently deployed systems do not fully live up to all three expectations, but innovations are having a positive impact on TA. Talent and procurement decision-makers responding to the survey cited varying levels of analytics capability and differing uses of technology for informing HR and TA decisions.

A full 99% of talent decision-makers say they currently have data and analytics solutions and capabilities within their TA and HR ecosystem. Still, organizations cite varying levels of practical use in key areas, including:

Types of Analytics Used by Respondents:

71%

Prescriptive analytics

(optimizing recruitment process and spending, identifying training and development opportunities, mitigating biases, and supporting DE&I, etc.)

63%

Predictive analytics

(workforce planning, hiring trends, employee retention analysis, behavioral targeting, etc.)

64%

Descriptive and diagnostic analytics

(headcount report, turnover rates, PTO, time-to-fill, aggregated survey results, etc.)

21%

Peer and market intelligence

(compensation and wage data, skills demand-supply intelligence, location insights, etc.

How are Talent Analytics Being Applied?

For organizations with data and analytics capabilities, the survey shows that different employers apply those capabilities in different ways, including:

62%

Monitoring and improving recruiting performance (time to hire, cost per hire, quality of candidates)

59%

Support for employee upskilling/reskilling

56%

Workforce planning and talent demand forecasting

35%

Peer benchmarks and market intelligence

45%

Internal mobility and career pathing

32%

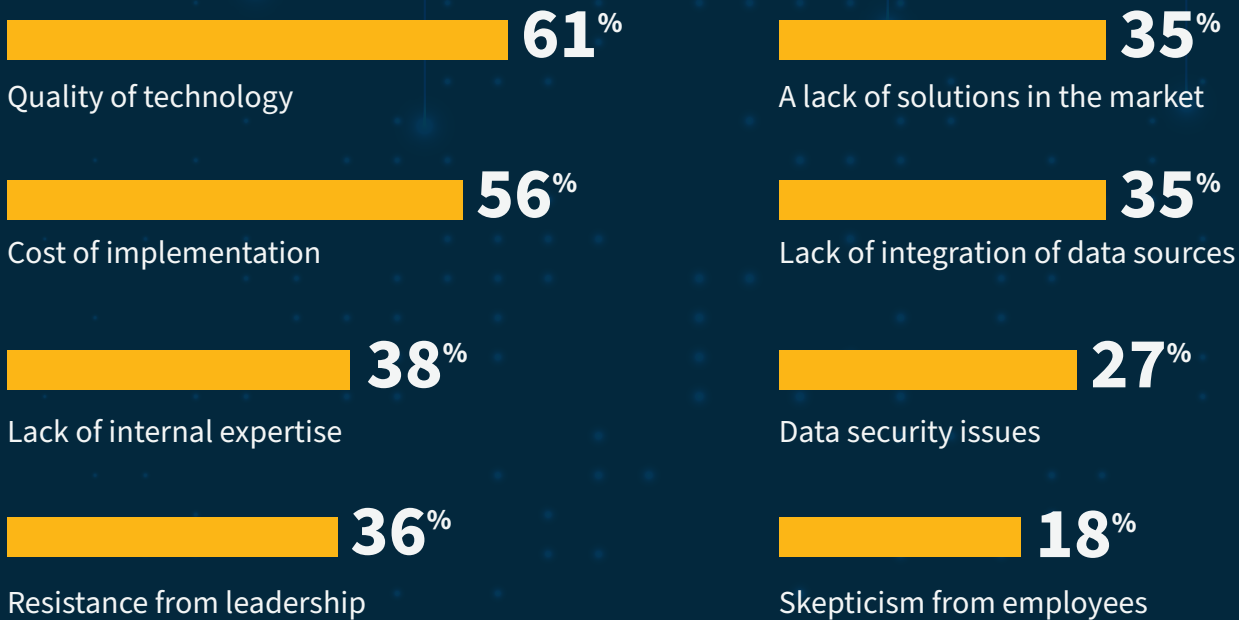Monitoring of employee engagement and performance management

*from "Smart Trends Moving Talent Analytics Forward," by Everest Group, sponsored by Sevenstep

What are the Challenges in Current Systems?

Survey responses reveal that organizations use analytics to support decisions in specific areas, but several issues have limited their trust in the technology. Roughly 80-90% of respondents say they are satisfied with their systems' speed of analysis, usability, user training and adoption, ease of implementation, reliability and advanced capabilities.

Yet, at the same time, they cite issues with adopting new technology, including:

61%
Quality of technology

35%
A lack of solutions in the market

56%
Cost of implementation

35%
Lack of integration of data sources

38%
Lack of internal expertise

27%
Data security issues

36%
Resistance from leadership

18%
Skepticism from employees

Expanded Use Builds Positive Impact

A continued cycle of innovation, positive impact and expanding adoption has fueled the practical evolution of data analytics and workforce intelligence today. Many barriers are based on mistrust built on past experience with cost and user acceptance in other technologies. Over time, traditional barriers to expansion are falling as more organizations recognize the need for better visibility in volatile conditions.

*from "Smart Trends Moving Talent Analytics Forward," by Everest Group, sponsored by Sevenstep

Employers Embrace Workforce Intelligence

A growing portion of employers now embrace forward-looking data and analytics to guide their TA function. The path to utilizing such predictive intelligence and associated technology does not have to involve large-scale purchases or painful integration.

Instead, organizations can look for workforce intelligence through their talent solutions partners — whether Recruitment Process Outsourcing (RPO) providers for permanent hires, Managed Services Provider (MSP) solutions for contingent workers or total talent solutions covering the entire workforce. Those providers often hold the keys to technologies that are comprehensive in their connections to data sources and complete in their range of reporting and predictive analytics functionality.

Awareness and adoption, not cost and integration, are the primary barriers to realizing the full value of predictive intelligence. For TA and procurement leaders who have doubts about the state of their current technology, there is some comfort in that they are not alone.

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With that in mind, what follows in this report is a closer look at success drivers and employer perspectives, including:

Keys to Adopting Technology for Improving Workforce Intelligence

Improving workforce intelligence requires more than technology with impressive features and functions. Priorities include a clear sense of purpose for new technology, a deep understanding of the ecosystem of data sources contributing to the big picture, and a commitment to looking beyond traditional metrics for the creative use of data.

Survey Findings: Employer's Outlook for Evolving Their Capabilities

For TA and procurement leaders who have doubts about the state of their current technology, there is some comfort in that they are not alone. Companies recognize the importance of analytics to drive workforce intelligence. Most plan to apply innovations in that technology area, and they are looking to talent solutions providers to support adoption.

Keys to Adopting Advanced Analytics

Whether an organization seeks minor improvements to its workforce intelligence technology or is considering a larger-scale digital transformation effort, several factors will determine success. These determinants include a clear sense of purpose, an understanding of the technology environment, and human expertise and creativity driving the use of the technology.

Stop Looking for Features and Focus on Empowering Human Decisions

Workforce intelligence is not about improving data; it is about connecting data to decisions. An effective workforce intelligence platform requires predictive analytics and intelligence capability that draws from across all TA technologies and data sources, and it should deliver clear, detailed output that relates directly to the issue at hand.

When considering technologies, or evaluating talent solutions partners that claim to provide them, demand more precision in the data, and tolerate less guesswork in making TA decisions.

Adopt Ecosystems, Not Applications

Embracing predictive workforce intelligence requires an understanding of the contributing sources that make it possible. The systems and applications feeding a workforce intelligence platform should span every part of the permanent hire and contingent workforce recruiting environment. Applicant tracking systems, recruitment marketing platforms, vendor management systems for contingent workforce suppliers, and internal HRIS data for internal talent all fall into the workforce intelligence ecosystem.

Likewise, market data sources for gauging the talent supply are examples of external data sources essential to TA decision-making. While it may not be easy for an employer to incorporate every data source into its workforce intelligence platform, sources can be added over time. Performance, in terms of detail and data accuracy, will improve.

Look Beyond Simple Metrics

Success depends on a human problem-solving perspective that combines creativity and expertise. The role of human guidance does not disappear in a fully functional workforce intelligence platform; instead, it is allowed to act more quickly and creatively, whether exploring different measures that influence outcomes or directing the technology to analyze data in different ways. An intelligent system does not know everything; its power is in its learning ability, and human guidance can shape that learning direction.

Employers' Outlook for Advanced Workforce Intelligence

Survey results reveal that organizations are committed to evolving their workforce intelligence, and decision-makers may be inclined to trust their TA solutions partners to help drive that innovation.

Adopting Predictive Analytics

Level of Importance to the Business

93%

of decision-makers rate data analytics and predictive workforce intelligence in talent acquisition as very important or extremely important to their organization.

Current and Future Adoption of Innovative Technology

65%

of TA and procurement leaders say their organizations are using or plan to adopt solutions to support data-enabled decision making.

Portion of Companies Expecting RPO/MSP Support

88%

of decision-makers emphasize that it is "mostly or extremely" important that their RPO or MSP solutions help them increase the adoption of talent technology.

Types of Support Expected from Solutions Partners

Shared Insights

54% expect RPO/MSP partners to use analytics solutions independently and share insights

Implementation/Integration

63% Meanwhile, 63% expect support in the implementation/integration of technologies

Driving Adoption

39% want their solutions partners to drive adoption

Analysis/Reporting

61% depend on an RPO or MSP for data analysis, report generation, and dashboards

Forward-looking Visibility is a Talent and Business Necessity

It is unlikely that employers will fully automate the decisions associated with workforce planning, sourcing talent, or driving the recruitment process. That is good news, as the human element in driving business is essential to navigating real-world variables. However, as providers of TA technology adopt advances in AI and predictive analytics into their technology ecosystems, the people who make decisions will have the advantage of data to foresee the road ahead.

The survey shows that nearly 90% of TA decision-makers expect their RPO and MSP partners to help them adopt innovations in TA analytics. Whether an organization needs to improve how it sees the market today, boost its TA effectiveness, or gain a better grasp on how its TA strategy will unfold tomorrow, a talent solutions partner can position it to succeed. More than the features of the technology itself, business demand will likely shape how TA puts analytics to work. The case for continued innovation is significant because in a world where volatile conditions determine TA success, visibility into that world is more than a talent advantage. It is a core business necessity.

90%

of TA decision-makers **expect their RPO and MSP partners to help them adopt innovations** in TA analytics.*

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*from "Smart Trends Moving Talent Analytics Forward," by Everest Group, sponsored by Sevenstep

Sevenstep is a global provider of strategic workforce solutions that enable business leaders to achieve ambitious goals and resolve complex workforce challenges. The company's Recruitment Process Outsourcing (RPO), Managed Services Provider (MSP) and Total Talent solutions are recognized for driving innovation and delivering impact for top companies around the world. Sevenstep is recognized as a perennial top RPO provider in the HRO Today Baker's Dozen Annual Customer Value Survey. Survey. Noted analyst firm, Everest Group has recognized Sevenstep as major contender in its RPO PEAK Matrix® and Sevenstep has also received recognition in Everest Group's MSP PEAK Matrix.®

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