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RESEARCH REPORT:

The use of People Science in fast growth companies

In today's increasingly competitive working environment there are big challenges for ambitious businesses. They need to sustain growth, be more productive and win the war for talent. So, employers must work harder than ever to attract, develop and retain the best people to help their business thrive.

That's why some of the fastest growing businesses are now focused on becoming 'people companies'. That means they've made a conscious decision to shift people matters from merely being the responsibility of an administrative HR function. For these firms, being people-centric is a cultural mindset and a business-wide concern. The result is great experiences for every employee, enabling them to do their best work.

In traditional HR, employers capture information about their employees passively, to meet legislative requirements. They record and store data such as start dates, leave dates, performance ratings, promotions and salary changes to produce statistics and comply with policies. But this is no longer enough. The most successful and fastest growing businesses get true business benefit from their people data. They capture data comprehensively and are more thorough and creative in what they do with it to extract actionable insights for competitive advantage.

Data science has already brought us great techniques to understand our external customers better in sales, marketing and finance. Now it's turning its spotlight on HR. Applying People Science helps leaders and Chief People Officers capture,

interpret and use people data in a much smarter and more efficient way than ever before. It's a must for HR leaders who want to help their businesses succeed and continue to grow.
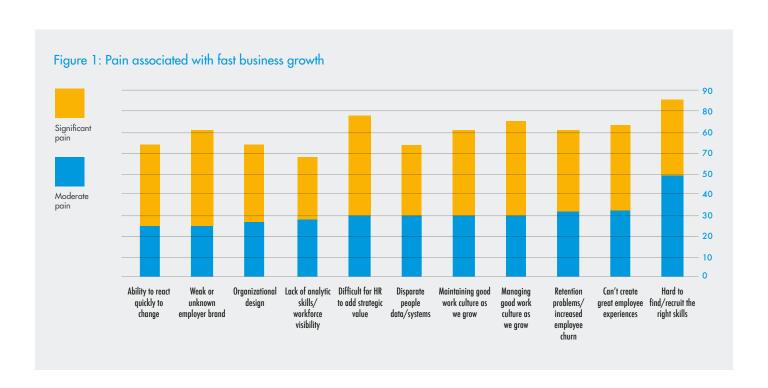
Visionary firms are already doing it. But how ready are others to make it happen, and do they know how to go about it?

Our survey examines the mindset of over 500 HR leaders and their journey towards becoming 'people companies'. This report explores how fast-growing companies are using People Science and data today.

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Growing pains

There has always been pressure on US and UK organizations across technology, finance and business services to grow, and grow fast. And they're rising to the challenge. Our research shows that 98% of those surveyed are growing their revenue year-on-year. Moreover, 30% consider themselves as gazelles — high-growth companies that have increased their revenues by at least 20% annually for four years or more. This means that their revenue will have more than doubled over the period.

Figure 1: Pain associated with fast business growth

Legend:
- Significant pain (orange)
- Moderate pain (blue)

Categories:
- Ability to react quickly to change
- Weak or unknown employer brand
- Organizational design
- Lack of analytic skills/workforce visibility
- Difficult for HR to add strategic value
- Disparate people data/systems
- Maintaining good work culture as we grow
- Managing good work culture as we grow
- Retention problems/increased employee churn
- Can't create great employee experiences
- Hard to find/recruit the right skills

Growth, while exciting, can also be painful. One of our key survey questions asks about the most significant pain point, with 88% of respondents saying finding / recruiting the right people is the biggest problem (Figure 1). This theme crops up time and again in the survey. 42% of respondents say that they need to do more to retain talented, high-potential employees, while 47% doubt that the best people are in the right places to drive growth.

So, it seems that many companies can't get the right people. And even when they do, they put them in the wrong place. This can be because they lack insight into what their employees excel at and where their true potential really lies. Not surprisingly, these employees don't stay long.

Employers have to be smarter at using the data they have about their present workforce to find the right people when they recruit. In fact, 79% of UK HR Directors believe all people decisions should be based on data and analytics. But the reality is very different, with only 34% of those surveyed claiming to already do this.

However, one audience segment does seem to be doing this: those consistently fast-growing 'gazelle' businesses.

Why the gazelles are bounding ahead

How do people activities contribute to the commercial success of fast-growing 'gazelle' organizations then? 69% of them are confident that the right people are in the right place to drive growth, compared to just 37% of the slower growers.

Many of these gazelles are clearly further along on the journey to becoming a people company. They have full HR automation (80% v 53%) so they can report faster and more easily on a range of influential HR metrics. 84% say they can report on headcount within a single day; that's 16 percentage points better than non-gazelles. They can more easily report on high potential employees (58% v 42%) on learning, and on personal growth (58% v 41%). These gazelle organizations can see what's working and what needs to change, and can take action confidently to make sure they're supporting employees to achieve their potential.

It's clear then that gazelles know the value of people data to help with business planning and that they relate it directly to overall performance. They're more likely to use it to understand and predict business performance (90% v 76%). They also seem to have a clearer long-term strategy for using people data. 92% of gazelles have a roadmap in place compared with 66% of non-gazelles.

Wider awareness of the need for people-centric change

As identified earlier, it's encouraging to see that all respondents acknowledge that people data matters for future success, even if they haven't yet marshalled it effectively or don't know exactly how they'll use it. Staggeringly, when looking at the overall respondent base, 92% struggle to gain strategic insight from people data. But what they do realize, is its potential to improve their business. Just looking at the next 12 months, 63% admit the need to have greater data visibility. The challenge is to put systems and tools in place to collect and analyze it for tangible benefit — as 31% revealed, they don't currently have the right technology in place to interpret the necessary people data.

65% believe that HR teams will include People Scientists within the next five years.

The research also positively showed a movement across all organizations to make a highly visible change that reflects the shift to a people focus: 21% have appointed a Chief People Officer to put people data at the heart of their business and 65% believe that HR teams will include People Scientists within the next five years. The gap between the gazelle and the non-gazelle approaches looks set to narrow in the very near future, as all businesses take action on their ever-growing awareness of the importance of People Science.

'There's a lot more appetite among gazelles for people data.'

Making the leap to People Science

So what can we learn today from these market-leading gazelles? They're already adept at using people data. They know its potential and — crucially — have taken action to exploit it to help their businesses grow. Because they're fast-growing, ambitious organizations, they seek and seize opportunities and use every lever they can get their hands on to improve their performance. They're not afraid to explore the latest people thinking, or adopt the enabling technologies and tools that gather data and turn it into business intelligence. Decisions about people are based on data and People Science is established as an important lever in their business operation.

Using modern HR platforms and technologies to capture and use people data can help all companies make effective, people-based business decisions. And making the leap, like the gazelles have done, could be a springboard to future success. HR automation helps companies move away from old-style HR with its laborious administration, manual processes and spreadsheets. Instead, the people team can explore their data to obtain better workforce visibility and derive actionable insights. They can take action to provide great workforce experiences that makes the most of talent to fuel productivity and business growth.

Find out more

The full research report on Becoming a People Company will be available soon. Visit our website for more information.

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