

Show Me the Money

*How to Secure Funding for Your
Talent Analytics Business Case*

Karen O'Leonard

Vice President, Benchmarking & Analytics Research

Bersin by Deloitte

Deloitte Consulting LLP

Katherine Jones, Ph.D.

Vice President, HCM Technology Research

Bersin by Deloitte

Deloitte Consulting LLP

Sally-Ann Cooke

Research Analyst

Bersin by Deloitte

Deloitte Consulting LLP

June 2014



The Bersin WhatWorks® Membership Program

This document is part of the Bersin Research Library. Our research is provided exclusively to organizational members of the Bersin Research Program. Member organizations have access to an extensive library of learning and talent management related research. In addition, members also receive a variety of products and services to enable talent-related transformation within their organizations, including:

- **Research**—Access to an extensive selection of research reports, such as methodologies, process models and frameworks, and comprehensive industry studies and case studies.
- **Benchmarking**—These services cover a wide spectrum of HR and L&D metrics, customized by industry and company size.
- **Tools**—Comprehensive tools for HR and L&D professionals, including tools for benchmarking, vendor and system selection, program design, program implementation, change management, and measurement.
- **Analyst Support**—Via telephone or email, our advisory services are supported by expert industry analysts who conduct our research.
- **Strategic Advisory Services**—Expert support for custom-tailored projects.
- **Member Roundtables**—A place where you can connect with other peers and industry leaders to discuss and learn about the latest industry trends and leading practices.
- **IMPACT Conference: *The Business of Talent***—Attendance at special sessions of our annual IMPACT conference.
- **Workshops**—Bersin analysts and advisors conduct onsite workshops on a wide range of topics to educate, inform, and inspire HR and L&D professionals and leaders.

For more information about our membership program, please visit us at www.bersin.com/membership.

Overview

Although initially slow to adopt analytics, an increasing number of HR leaders are now looking to improve their measurement and analytics capabilities. But without a solid understanding of what they need and how to get it, many find it challenging to put together a coherent business case to secure funding for their plans.

This report provides a step-by-step guide on how to build a business case for a talent analytics proposal. We describe how to work with stakeholders to secure buy-in, steps for detailing your proposed solution, and examples of how to calculate costs and benefits. Furthermore, we offer tips for how to successfully present a business case to win approval. The appendices at the end of this report contain several resources for use in creating your own analytics project business case and an example of a business case used by a *FORTUNE* 500 services firm.

In This Report

- Current areas for investment in talent analytics
- The five steps to developing a compelling business case
- Resources for creating your talent analytics business case

TABLE OF CONTENTS

Introduction	6
Investing in Talent Analytics	7
Investing in Data Integration	9
Hiring Analytics Staff	10
Hiring Consulting Services	10
Investing in Tools and Technologies	11
The Value of Talent Analytics	12
The Time Is Right	14
Developing a Business Case	16
Step 1: Identify the Business Issues and Stakeholders	17
Step 2: Define the Solution	21
Step 3: Identify Costs	28
Step 4: Quantify Impact	31
Step 5: Present the Business Case	40
Conclusion	43
Key Takeaways	44
Appendix I: Checklist for Developing a Business Case	46
Step 1: Identify the Business Issues and Stakeholders	46
Step 2: Define the Solution	46
Step 3: Identify Costs	46
Step 4: Quantify Impact	47
Step 5: Present the Business Case	47

Appendix II: Business Case Planning Outline	48
How Do You Define the Business Problem?	48
Who Are the Stakeholders?	48
Evaluate the Alternatives	48
Define the Solution	49
Identify Costs	49
Quantify the Benefits	49
Appendix III: Talent Analytics Business Case Example	50
Appendix IV: Related Resources	58
Appendix V: Table of Figures	59
Acknowledgments	60
About Us	61

Introduction

At long last, companies are using analytics to better understand their greatest asset: their people. With the advent of cloud computing, lower costs, and easier-to-use solutions, HR data has become an accessible source of invaluable knowledge.

The increasing availability of data is magnifying the expectations executives have of their HR leaders. Executives are asking questions such as:

- “How can we better mobilize our contingent workers where they are needed?”
- “What is the likely impact on retirements if we change our benefits structure?”
- “Is the new online safety program reducing work-related injuries and illnesses involving time away from work?”

These questions require solid answers from the HR function, and talent analytics can provide this information and more. Many HR leaders are taking advantage of this opportunity by beginning to invest more strategically in measurement and analytics. If business leaders are data-driven and HR’s data has some credibility, these efforts are made easier. But other HR teams struggle to get the funding they need for their initiatives.

This report will help HR leaders prepare and present a compelling business case to win approval for talent analytics investments. Even if you don’t have to prepare a formal business case to get funding for your initiative, this report can help you to solidify your thinking by helping you define what you need, what it will cost, and how it will benefit your organization.

Investing in Talent Analytics

Talent analytics is one of the foremost trends in HR today, and rightfully so. Simply put, we define talent analytics as “the analysis of ‘talent-related’ data for business decision-making.”



KEY POINT

Our study found that a staggering 86 percent of HR organizations are still focused primarily on reporting.

Most HR departments, however, have been slow adopters of analytics. Our study found that a staggering 86 percent of HR organizations are still focused primarily on reporting (Levels 1 and 2 in our Talent Analytics Maturity Model¹, shown in Figure 1). Only 10 percent of organizations have taken the next step towards advanced analytics—helping business leaders solve their talent challenges through statistical analyses. And a mere 4 percent are using predictive analytics to forecast future talent and business outcomes.²

Figure 1: Bersin by Deloitte Talent Analytics Maturity Model



Source: Bersin by Deloitte, 2013.

¹ For more information, *High-Impact Talent Analytics: Building a World-Class HR Measurement and Analytics Function*, Bersin by Deloitte / Josh Bersin, Karen O’Leonard, and Wendy Wang-Audia, October 2013. Available to research members at www.bersin.com/library.

² For more information, *Talent Analytics Maturity Assessment (Rapid)*, Bersin by Deloitte / Karen O’Leonard, October 2013. Available to research members at www.bersin.com/library.

The problem here is not a lack of data. On the contrary, HR organizations collect many metrics—often too many. But most HR teams are not yet ready to deliver actionable insights to help business leaders make decisions or plan for the future. Our conversations with many companies have shown that HR leaders are being coaxed, and sometimes pressured, by other functions such as finance and marketing to move up the maturity curve.

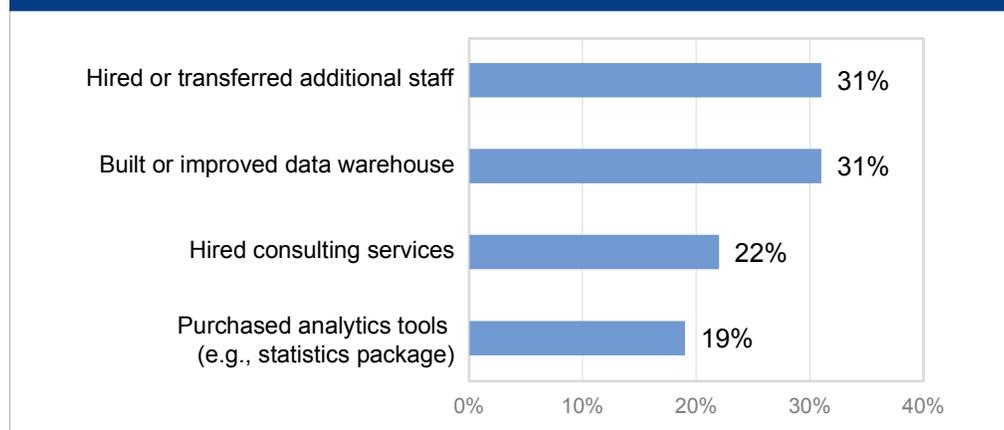
As evidence of this shift, more than one-half (57 percent) of the organizations we surveyed in 2013 said that they had invested more resources in talent analytics over the past year (see Figure 2).



Source: Bersin by Deloitte, 2013.

The top areas of investment (see Figure 3) include:

- Investing in data integration
- Hiring analytics staff
- Hiring external resources
- Investing in tools and technologies

Figure 3: Investments in Talent Analytics in the Last 12 Months*

*Percentages may not equal 100 percent because respondents were able to elect more than one response.

Source: Bersin by Deloitte, 2013.

We discuss these investments in detail in the following section.

Investing in Data Integration

One of the biggest challenges in analytics is that data is often derived from multiple sources. Our 2013 study³ found that the majority of HR organizations are pulling data from three or more different systems, which could include an HRMS, payroll system, talent systems, financial systems, and others. Successfully extracting and integrating data from a variety of unintegrated HR systems requires a great deal of time, energy, and technical expertise. In addition, many of these systems store duplicate employee data (e.g., name, date of hire), and it is not always clear which of this redundant data is correct or current. Therefore, a good deal of data cleaning is necessary before analysis can commence.

One well-established solution for integrating data is to build a data warehouse. Data warehouses are essentially database systems that aggregate and rearrange data so that it is easy to query and analyze. Approximately one-third (31 percent) of organizations said that they invested in building or improving their data warehouses during the last year (see Figure 3, above). The fact that this is one of the top areas for investment demonstrates a clear need for data storage integration.



KEY POINT

Thirty-one percent of organizations said they invested in building or improving their data warehouses during the last year.

³ For more information, *High-Impact Talent Analytics: Building a World-Class HR Measurement and Analytics Function*, Bersin by Deloitte / Josh Bersin, Karen O'Leonard, and Wendy Wang-Audia, October 2013.

Hiring Analytics Staff



KEY POINT

Thirty-one percent of organizations hired additional staff for measurement and analytics over the past year.

Another top area for investment is staffing. Thirty-one percent of organizations said that they had hired or transferred additional staff to boost their analytics capabilities over the past year.

Building an analytics team requires dedicated staff with specialized skills. These individuals typically have expertise in statistics, database technologies, and data visualization. An analytics team also needs strong business and consulting skills, as well as the ability to “tell the story” behind the data. Furthermore, the team needs staff with a deep knowledge of the organization’s systems and reporting capabilities. It takes diverse skills sets to be effective in all aspects of the analytics process.⁴

Hiring Consulting Services

If an organization needs additional analytics skills or resources, there are plenty of experienced providers on the external market. Our study found that approximately one-fifth (22 percent) of the organizations we questioned had hired external consultants during the past year to help them with their analytics initiatives—the third-largest area of investment.

Many HR leaders struggle to determine how much internal expertise they need. Certainly, to move into advanced and predictive analytics, they need staff with knowledge of statistics. But do they need a team member with a Ph.D. in statistics or I/O psychology? Leaders at some mature organizations we talked with said no. This is because many firms only engage in a few projects requiring advanced modeling or predictive analytics in any given year. For these organizations, the level of activity does not warrant a full-time headcount for an “expert” statistician. Instead, they can outsource their more advanced statistical projects to external suppliers, or they can “borrow” staff with these skills from other parts of the company. Many mature analytics organizations utilize the services of outside consultants or leverage staff from their finance, marketing, or operations groups for their analytics projects.

⁴ For more information, *High-Impact Talent Analytics: Building a World-Class HR Measurement and Analytics Function*, Bersin by Deloitte / Josh Bersin, Karen O’Leonard, and Wendy Wang-Audia, October 2013.

Investing in Tools and Technologies

The analytics market is filled with exciting tools and snazzy-looking products. In our study, nearly one-fifth (19 percent) of organizations reported investing in analytics tools or statistical packages over the past year. These purchases could include any one of myriad tools available for aggregating, analyzing, and visualizing data. As teams build more advanced analytics capabilities, they begin to utilize statistical packages (e.g., SPSS), analytics tools (e.g., Google Analytics), reporting tools (e.g., Cognos), and database tools (e.g., Microsoft Access or IBM's DB2 Analytics Accelerator Studio). For data visualization, the options include Tableau, QlikView, MicroStrategy, AnyChart, D3, Spotfire, Google Charts, Data360, and several others.

Other organizations are also using analytics as part of their HCM systems. Many of the bigger players in the market—including Oracle (OBIA), SAP (Workforce Intelligence), and Workday (Big Data Analytics)—have launched integrated talent analytics systems. Core HR providers such as Ultimate Software, ADP, and SumTotal include analytics in their solutions. Talent management suite providers such as SAP SuccessFactors, Halogen, Cornerstone OnDemand, Saba, and PeopleFluent also include talent-related metrics and analytics. A variety of smaller vendors are delivering analytics systems as well (Visier and OrcaEyes, for example). In addition, many IT departments are now looking at a variety of IT-driven analytics tools (companies like Platfora, Splunk, and dozens of others) that run open-source parallel systems (such as Hadoop⁵) to help combine internal business data with social, location, and other data sources.

⁵ For more information, *An Introduction to Hadoop and Big Data Technologies*, Bersin by Deloitte / Josh Bersin and Karen O'Leonard, October 2013. Available to research members at www.bersin.com/library.

The Value of Talent Analytics

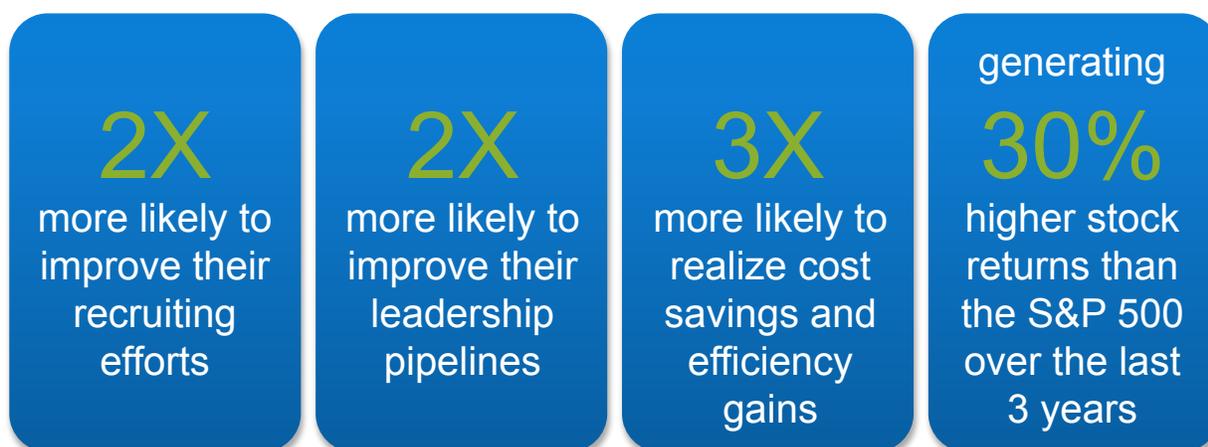
“Analytics is a complex science. When we apply it to human behavior in organizational settings, it becomes even more complex. Yet the joy of analytics is that it opens one’s eyes to a vast landscape of possibilities.”

—From *Human Capital Analytics: How to Harness the Potential of Your Organization’s Greatest Asset*, Gene Pease, Boyce Byerly, and Jac Fitz-enz⁶

Many HR leaders believe in the power of talent analytics and its ability to contribute to better decision-making. When asked about how analytics has added value to their organizations, companies report improvements in recruiting, talent mobility, leadership pipeline, and efficiency / cost reduction as the top benefits. In each of these areas, the higher the maturity level of the analytics function, the more value these organizations are deriving from their efforts (see Figure 4). We describe these benefits briefly in the next section.

Figure 4: The Value of Talent Analytics

HR organizations using predictive analytics are:



Source: Bersin by Deloitte, 2013.

⁶ Source: *Human Capital Analytics: How to Harness the Potential of Your Organization’s Greatest Asset*, Gene Pease, Boyce Byerly, and Jac Fitz-enz / Wiley, October 20, 2012.

Improved Recruiting

The recruiting function is often an early adopter of analytics. Advanced organizations are using analytics to assess the quality of new hires and identify the factors that lead to greater success. They then use these insights to improve their recruiting processes. In addition, sophisticated teams are using analytics to evaluate the effectiveness of different recruiters, as well as different sourcing strategies. In short, analytics helps companies know which candidates to target, where to find them, and how to recruit them. Approximately 80 percent of the most mature teams (Level 4 in our model) said they have improved their recruiting efforts through their measurement and analytics efforts—more than twice the number of teams reporting similar improvements among the least mature companies.

Building the Leadership Pipeline

Another key area for analytics is contributing to building leadership capabilities and succession planning. Sophisticated teams measure and track successor readiness, conduct analyses to identify leadership characteristics, and develop programs that result in improved leadership capabilities. Although many organizations use leadership assessments to gauge potential, more advanced teams evaluate and modify the effectiveness of these assessments to improve their accuracy. For example, one industrial manufacturer told us that its leadership assessment models were very accurate in predicting which leaders would *not* be effective in their roles. In other words, if the model predicted someone would not be effective and the person was hired or promoted anyway, the model was almost always correct—the leader was not successful. The company is still working on improving the accuracy of predicting which leaders will be effective in their roles.

Two-thirds of the most sophisticated teams have improved their leadership pipelines through efforts such as these. These mature companies are twice as likely to realize significant value in improving their leadership pipelines as compared with the least mature companies.

Reducing Costs and Improving Efficiency

Reducing costs is a ripe area for analytics. For example, a large retail chain was able to reduce losses by using analytics to understand the

underlying causes of theft and shrinkage. The analysis showed that employee engagement was a key factor, and programs to boost employee engagement resulted in reduced shrinkage and theft. As another example, a retail bank's analysis showed that the underlying causes of theft were primarily poor labor relations with hourly workers and low levels of management attention. The organization was able to put corrective measures in place, saving millions of dollars. These types of projects can certainly help to justify the costs related to the analytics team. More mature companies are more than twice as likely to realize significant cost savings and efficiency gains as compared with the least mature companies.

Greater Talent Mobility

Many firms are using analytics to help move talent into the right jobs at the right time. In a global world, organizations need the ability to mobilize talent where it is needed. Leaders need insights into employee skills sets, performance ratings, and career interests to effectively move talent into the most vital and productive positions. Particularly in companies with large contingent workforces, the ability to deploy personnel as needed can have significant bottom-line implications. The most mature firms are more than twice as likely to realize value from analytics through improvements in mobilizing their workforces.

Better Financial Results

Finally, in financial terms, the stock prices of organizations with mature analytics capabilities outpaced the S&P 500 by 30 percent on average over the last three years. These organizations are making far better decisions about their people—and are reaping the financial benefits.



KEY POINT

The stock prices of organizations with mature analytics capabilities outpaced the S&P 500 by 30 percent on average over the last three years.

The Time Is Right

Historically, computers were not powerful enough to serve as production systems, running the work of an organization while they were also queried for reporting. This led to the rise of data marts: separate systems that required the data sets from production systems to be replicated onto another computer for querying purposes. This meant that all the analytical information being gleaned was old—data was never available in real time. In fact, the best possibility was often a 24-hour delay in the freshness of the

data. The use of data marts also required hardware and software purchases, and managing these systems often required specialized IT support.

Times have changed. Increasingly, human capital management applications of all types include embedded metrics and the ability to report data in real time. Such reporting may be done via dashboards or through more traditional reports that are automatically created on a designated schedule and emailed to interested parties. In addition, applications that were created solely to synthesize data—whether they are called business intelligence or analytics applications—have become more prevalent. Once only the bailiwick of statisticians or corporate strategists, these new applications now share a set of common attributes:

- SaaS (software as a service) solutions are housed in the “cloud”⁷ and do not require the expense nor the IT support of on-premise products.
- STaaS (storage as a service) can further alleviate the costs of an analytics software solution, housing data sets—which may become very large over time—remotely in the cloud.
- New software has emerged that is far more end-user friendly in terms of both its use and the ability of lay workers to understand the results.

The interest in HR analytics has prompted a renaissance of new applications targeted to the HR user. These solutions tend to be dedicated to HR-related analytics rather than serving as general number-crunching machines, and are less costly than the more-sophisticated and often harder-to-use solutions of yesteryear.

The ability to buy new software at a better price point is not the only motivation behind the increased interest in analytics. What is driving this movement today is the need to provide organizations with actionable data for decision-making. The intersection of this business need with the enhanced availability of cloud-based software solutions at a cost within the direct control of most HR budgets has led to the current intense interest in all things analytics.

As we have described in this section, the time is right and the interest is there. But how do you get funding to build your talent analytics capabilities? Our next section describes this process.

⁷ The term “cloud computing” refers to the practice of using a network of remote servers hosted on the Internet to store, manage, and process data, rather than a local server or a personal computer.

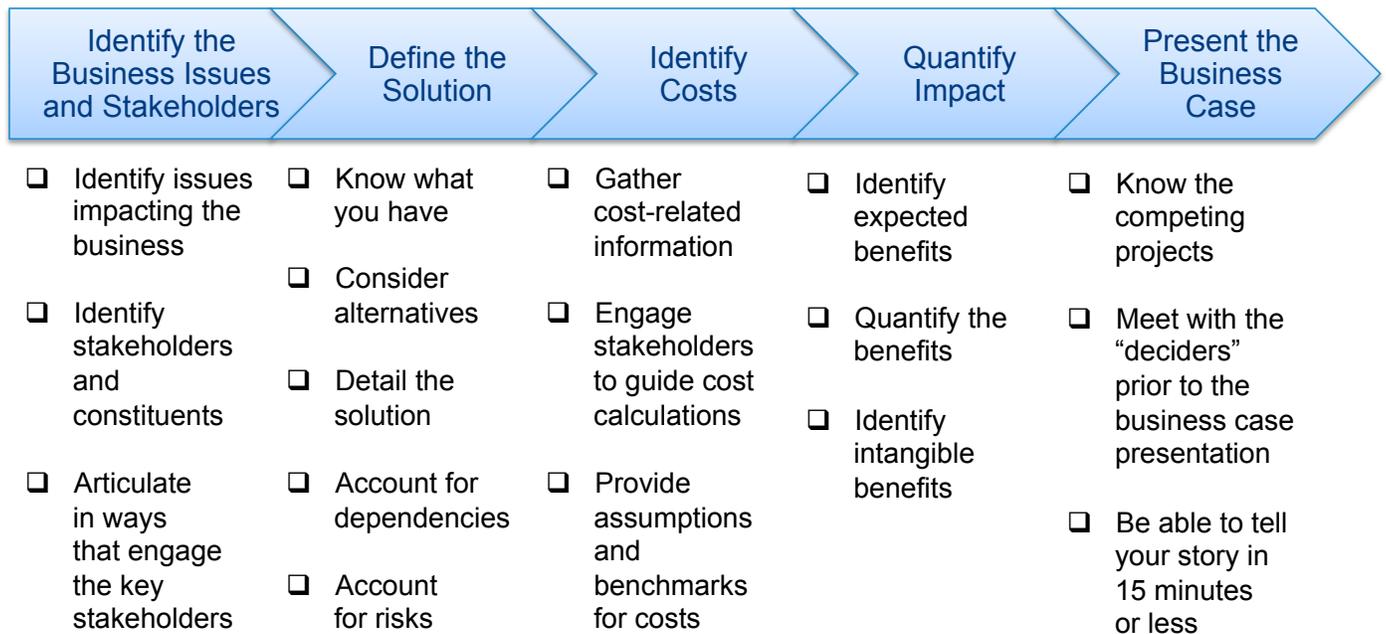
Developing a Business Case

“A business case is the entire story. A business case makes the case for change.”

—From *Business Cases that Mean Business*, Jim Maholic⁸

Developing a business case for talent analytics involves five major steps (see Figure 5). Each step is critical to appropriately scope the solution, as well as its costs and benefits, and to address the concerns of all stakeholders. Following the process below will help ensure that all possible arguments for and against a talent analytics initiative are considered. In the remainder of this section, we describe each step in more detail.

Figure 5: Five Steps for Developing a Business Case for Talent Analytics



Source: Bersin by Deloitte, 2014.

⁸ Source: *Business Cases that Mean Business*, Jim Maholic / CreateSpace Independent Publishing Platform, July 10, 2013.

Step 1: Identify the Business Issues and Stakeholders

The first step in creating a business case is to identify the decision-makers and stakeholders involved in the proposal and the issues they care about. To gain approval for your proposal, you will need to convince people of the merits of your initiative. Linking your initiative to a key business problem or opportunity will help you make your case. Finding an executive sponsor for your proposal can also greatly help to ensure its approval. This section describes how to identify business issues and the various stakeholders and constituencies who will influence your proposal's acceptance and successful implementation.

Identify the Issues Impacting the Business



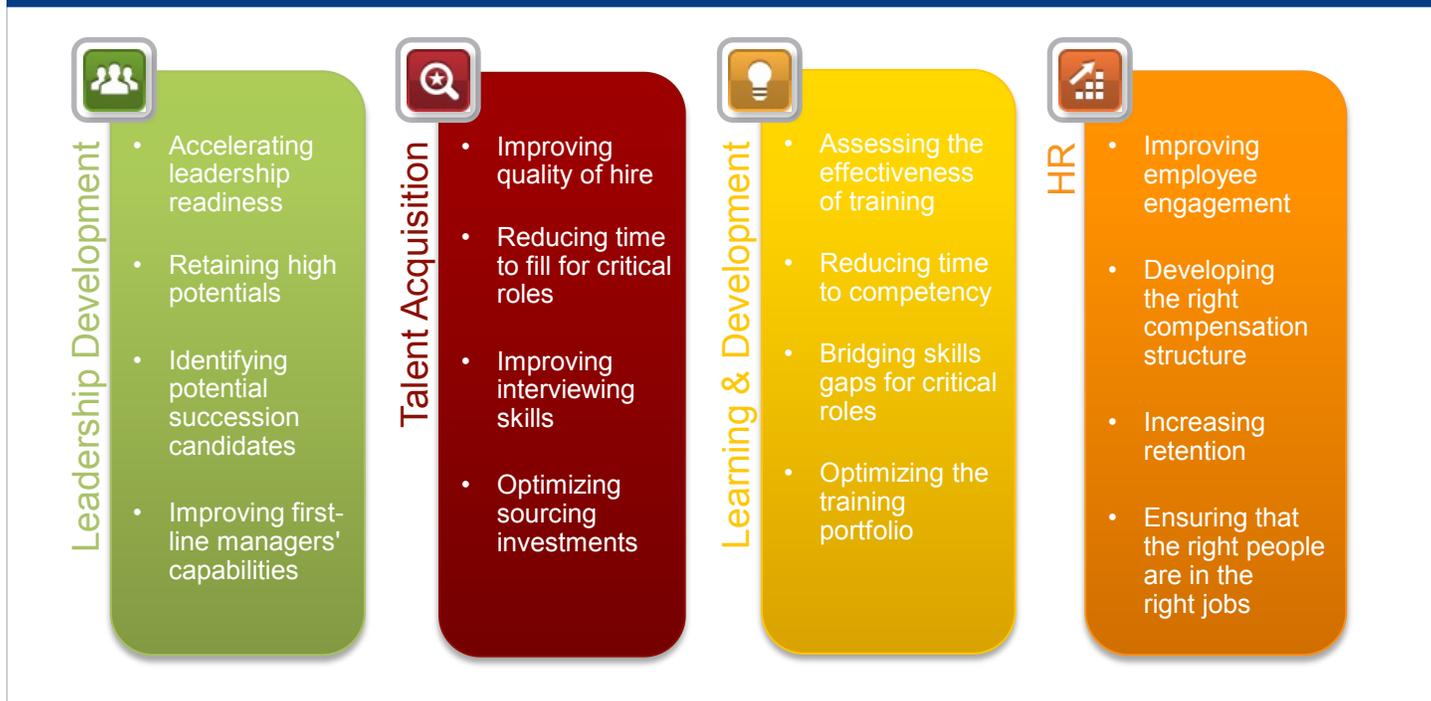
KEY POINT

Ask yourself: “What keeps our executives up at night?” If your business case can help to solve one of those challenges, you have won half the battle.

Any business case should focus on the benefits the solution will offer to the organization. To that end, you should identify how your talent analytics solution will solve a business need. Ask yourself: “What is keeping our executives up at night?” If your business case can help solve one of those challenges, you have won half the battle.

Concerns and priorities can vary according to an executive's responsibilities. For instance, a CFO may want to reduce costs, whereas growing top-line revenues and expanding into new markets are often top of mind for CEOs.

Stemming from these business priorities, HR leaders have their own concerns. The list below includes several of the common concerns and priorities among HR leaders (see Figure 6).

Figure 6: Common Concerns among HR Leaders

Source: Bersin by Deloitte, 2014.



KEY POINT

Your business case will have a much greater likelihood of success if you have an executive sponsor or supporter.

It is important to note that solving a business *problem* is not the sole reason for building a business case for talent analytics—analytics programs can also be designed to pursue business *opportunities*. These could include opening facilities in new markets, increasing production, saving operating costs, or improving employee performance. For example, as companies explore better growth opportunities outside of the United States, many are looking to their operations in Asia. HR organizations within these firms are challenged with questions such as what talent do we have to transfer to these areas to help start up our new operations? What is the available talent supply at the new location? What is the estimated time needed to recruit this talent? Analytics can help to answer these questions.

Identify Stakeholders and Constituents

Like any major investment decision in the workplace, there will be people in your organization who will be involved in or impacted by this decision. It is important to know who the major players are and

how they are likely to react to your proposal. The following questions can aid in identifying the key stakeholders:

- Who are the decision-maker(s) for the business case?
- Who will be affected by the solution?
- Who are the people to approach when gathering information to build the business case?
- Does the proposal have a champion or sponsor?
- Who are the potential naysayers?

It is important to find out who the different “players” are and what their issues are likely to be. The discussion below outlines the different types of audiences. You should understand the needs of each group when creating and promoting your business case.

Executive Sponsors

Your business case will have a much greater likelihood of success if you have an executive sponsor or supporter. Identify an executive who is passionate about the business problems or opportunities your solution will address, and then approach him or her about your proposed solution. Your goal is to get an executive or other influential leader on board to help promote the solution within the organization.

Decision-Makers

Decision-makers are the individuals who will make a “go / no-go” decision about your business case. These are likely to include your CHRO; your CFO or finance person; and your CEO, C-suite, or senior executives, depending on the level of investment needed.

Find out how business cases are approved within your organization and who is involved in the ultimate decision. Then investigate their hot-button issues, including those that will help or hurt your cause.

Beneficiaries

Another important group is people who will benefit from your solution. Enlist these people as allies to support your case. For example, if your

proposal calls for implementing a new HR system with advanced reporting and analytics capabilities, those likely to benefit include:

- HR staff using reporting tools or analytics in their work
- Compliance officers requiring more timely and accurate compliance reports
- Senior leaders accessing self-service capabilities who need data more quickly to make decisions
- Line managers requiring timely notification of talent issues—such as an increase in turnover, absenteeism, or safety incidents—so they can take corrective action

Beneficiaries will depend on the solution proposed, but these are some typical examples. You need to understand how your solution will benefit the organization, and then approach these individuals to get them on board. Their support can help make your proposal successful.

Other Stakeholders

Finally, identify who will be affected or impacted by your solution. These individuals can make a critical difference both to the acceptance of your business case and to its successful execution. If they are not on board with your proposal, they may try to derail it.

Using the earlier example—implementing a new HR system with advanced reporting and analytics capabilities—the likely stakeholders are:

- The IT department, which will need to implement the new system and integrate it with the existing infrastructure, as well as maintain it over time if it is in your data center. This will put more of a burden on IT staff. IT may need to pay for the new systems, the supporting hardware, and the required administrative training out of its own budget. Even for a SaaS implementation, IT will likely be responsible for application integrations and long-term upgrade management and rollout.
- The finance department, which will need to approve all costs and manage invoices.
- HR personnel who will need to learn to use the new application.
- Employees who may need to learn parts of the system, such as employee self-service.

- The learning and development (L&D) team, which will need to create training for the new system.
- The legal and procurement departments, which will need to manage the contract process.

Articulate in Ways that Engage Stakeholders

As you compile information for your business case from various internal and external sources, it is imperative to engage key stakeholders along the way, making them a part of the proposed solution. It is important that these stakeholders have numerous opportunities to express their concerns and propose solutions. If the key stakeholders feel as if they have contributed to the development of the business case, they will be ready and willing to put the solution in place if it is approved.

Step 2: Define the Solution

Up to this point, you have identified the business issues and relevant stakeholders. Armed with this knowledge, you can now thoroughly define your solution. This section describes this process, starting with understanding the tools, resources, and infrastructure already in place within your organization.

Know What You Have

At this time, take a proper inventory of the resources already within the organization that could be either leveraged as part of your proposed solution or impacted by it. For example, perhaps there are tools, technology, or staffing resources in another business function or location that can be used for your solution. Or perhaps your systems infrastructure has certain technical requirements that will impact the selection of new tools or systems. Failing to ascertain the resources that already exist within your organization can derail your business case.

Consider Alternatives

Be sure to explore all the options available that could address the identified business issue. Particularly for a technology purchase, there

are likely myriad different product options available at varying price levels and with differing capabilities. For a staffing proposal, options may include hiring contractors, “borrowing” internal personnel, or training existing personnel to fit a new role. Figure 7 explores a few options that should be considered for a technology solution.

Figure 7: Alternatives for a Technology Implementation

Enhance Existing Systems

Can you upgrade or enhance your existing systems to better fit your needs? What are the costs of and resources available for that alternative?

Obtain a Less Costly System

Is there a less-expensive option, and what are the pros and cons of that choice?

Implement a Segment-by-Segment Rollout versus an Enterprisewide Approach

What if your proposal is approved, but on a smaller scale?

Develop a Home-Grown Solution

What would be the timeline and resource investment needed?

Do Nothing

What will the impact on the organization be if your business case is not funded and you continue in your current state?

Source: Bersin by Deloitte, 2014.



KEY POINT

Detail the consequences of the “do nothing” alternative.

The “do nothing” option is a viable alternative in the eyes of most business leaders (and may very well be the chosen alternative if you do not get funding for your business case). Detailing the outcomes of continuing in your present state can be a strong selling point for your case. According to the book *Business Cases that Mean Business*:

“Any time money is involved, someone will suggest that the best decision is simply to not spend the money. You must anticipate this and confidently explain why your solution is not only better than alternative solutions, but why it is also better than doing nothing.”⁹

⁹ Source: *Business Cases that Mean Business*, Jim Maholic / CreateSpace Independent Publishing Platform, July 10, 2013.

The following Case in Point demonstrates how one company evaluated its choices and ultimately defined its solution for a research technology platform.

Case in Point: Preparing the Business Case for a Research Technology Platform

A U.S.-based research firm was looking for a means to improve its data collection capabilities. Since much of the firm's revenue rested on its ability to collect and analyze data for clients, improving these capabilities was vital to its core business.

The firm's director of analytics began investigating a new platform to incent research participants through a rewards program. The platform would encourage greater participation in its studies, and thereby provide more timely data collection, better-quality responses, and larger sample sizes, allowing the company's clients to "slice and dice" data into more segments.

The firm evaluated a number of alternative platforms, finally deciding on a short list of three finalists. After extensive evaluations and testing of the three platforms, the firm chose one of these options as the optimal solution. The chosen solution (option B shown on the chart in Figure 8) met nearly all of the capability requirements of the organization and was in the middle tier of pricing compared to the other two options.

Figure 8: Comparison of Options

	Option A	Option B	Option C	Notes
Set-up time				Options A and B support operational application programming interfaces (APIs) with existing infrastructure. Option A offers greater customization and, hence, longer set-up time.
Customization capabilities				Options A and B are fully customizable to our specifications.
Integrates with survey tool				All options can connect to our existing survey tool.
Integrated with Salesforce				Option A has no Salesforce API. Option B is building it. Option C currently has API.
User experience				Options A and B both have intuitive user interfaces.
Support				Option A provides dedicated support person. Options B and C provide email and telephone support through helpdesk.
Cost: 1 st year	\$70,000	\$48,000	\$28,000	Option A provides dedicated support person.
Cost: 2 nd year and beyond	\$54,000	\$22,000	\$15,000	Year 2 excludes the set-up fees required in year 1.
Internal resources	0.33 FTE	.50 FTE	.50 FTE	Option A requires fewer internal resources due to enhanced support contract.

Source: Bersin & Associates, 2011.

Case in Point: Preparing the Business Case for a Research Technology Platform (cont'd)

The majority of the firm's executive team was firmly behind the technology platform proposal. The COO championed the proposal and socialized it with key decision-makers and stakeholders. The only detractor was the firm's CFO, who was initially against any new technology purchase. To counter this position, the business case proposal provided a comparison of the "do nothing" option with the proposed solution.

Case in Point: Preparing the Business Case for a Research Technology Platform (cont'd)

During the first year, the cost of the proposed solution (option B) was \$48,000, more than twice the cost of the current solution (see Figure 9.) But in the second year and beyond, the costs for the two options were nearly equivalent. In addition, the new technology platform would require less staff time. With the new solution, the firm would need only 0.5 full-time equivalents (FTEs) to source and manage data collection, as opposed to the current .75 FTEs.

Figure 9: Cost of Proposed Solution versus Current Solution (the “Do Nothing” Option)

	Option B	No tech investment	Notes
Cost: 1 st year	\$48,000	\$20,000	Currently (without tech platform) we spend >\$20k on purchasing lists and panels.
Cost: 2 nd year and beyond	\$22,000	\$20,000	In year 2, the costs are roughly the same.
Internal resources	.50 FTE	.75 FTE	Currently we spend more time securing lists from multiple sources than we would spend with a single solution.

Source: Bersin & Associates, 2011.

Case in Point: Preparing the Business Case for a Research Technology Platform (cont'd)

This comparison was based on costs and resources alone—it did not account for the additional benefits afforded by the platform in terms of better-quality research and faster turnaround times on studies, both of which would result in higher client satisfaction. These additional benefits could have been quantified, but this was not necessary because the raw costs alone justified the investment.

The remainder of the business case included a four-month timeline of key set-up activities and an additional five-month calendar of key events surrounding the promotion of the platform. In addition, the proposal outlined the roles and responsibilities of key individuals or teams that would need to be involved in the successful implementation and maintenance of the platform.

Case in Point: Preparing the Business Case for a Research Technology Platform (cont'd)

Based on the thoroughness of the business case, the proposal was approved and the purchase was made. Two years later, the solution is more than paying for itself with higher-quality, more timely data and improved delivery to clients. ∞

Detail the Solution

After taking stock of your current resources and identifying alternatives, the next step is to begin detailing the optimal solution. The main questions you will need to answer at this stage are:

- What is the end goal?
- What do we need to get there?
- What is the timeline?

This step needs to be fairly comprehensive. A critical missing detail or overlooked assumption can sink an entire proposal. A detailed project plan can help identify the key tasks, owners, and timeline. In terms of the latter, provide as much detail around the schedule as possible. Once your proposal is approved, you will need to work with stakeholders to refine this schedule. If you are able to create a detailed project schedule, include it as an appendix to your business case, while still highlighting the major milestones in the body of the business case.

Account for Dependencies

Consider the impact the solution will have on other departments or functions and whether these groups will be able to meet your requirements. Failure to account for dependencies may result in additional costs, technical problems, operational delays, or pushback from other groups that were not consulted up front.

A technology purchase, for example, may depend on IT staff for implementation. But can IT accommodate an implementation during the proposed time frame? Hiring additional staff, as another example, may rely on your recruiting function. But do your recruiters understand the role? Hiring someone for analytics is different than hiring an HR

generalist, so you may need to work closely with the talent acquisition group to ensure they understand the requirements for the role(s). Furthermore, if approval from finance is required and that department is in the middle of an end-of-year task, timing could be an issue.

Account for Risks

Any project is susceptible to failure; therefore, you need to consider all the potential implications of the proposed solution. It is imperative to anticipate potential risks involving legal matters, schedule, scope, personnel, and / or technology. Your organization's legal, IT, and fellow HR leaders can help.

One way to plan for risk mitigation is to create a "what if" list. Here is an example of one such list created by a global services firm:

- What if the project is approved but we cannot backfill staff positions to work on it?
- What if the business champion driving the project leaves before it is completed?
- What if the project is approved, but then funds are diverted midway to other corporate initiatives?
- What if the initiative is delayed by six months? A year?
- What if the technology we select fails to live up to our expectations?
- What if our solution provider is acquired by another company during our implementation?

Be sure to detail the most likely risks in the business case, as well as the likely probability, impact, and proposed solutions or alternative scenarios to mitigate these risks (see Figure 10).

Figure 10: Examples of Risks for a Talent Analytics Proposal

Identified Risk	Likelihood (Low, Medium, High)	Impact (Low, Medium, High)	Strategy for Mitigating Risk
Hiring I/O psychologist role takes more than two months	High	Medium	Borrow staff from finance department or delay timeline of project deliverables
Inadequate staffing for implementation	High	High	Augment existing personnel with outside contractors or third parties
Cost overrun	High	High	Control scope creep

Source: Bersin by Deloitte, 2014.

Step 3: Identify Costs

A critical piece of any business case is detailing the costs. This step requires a great deal of due diligence, and you will likely need to partner with other people in your organization (including finance, IT, and other talent functions) to gather and validate this information. You may also need to gather external benchmarks to estimate the costs. Remember to document your sources and the assumptions behind all costs.

Gather Cost-Related Information



KEY POINT

Partner with finance to calculate the costs and return for your proposed initiative according to your company's standards.

Now that you have the solution identified, you will have to identify the costs; you may also need to calculate the return on investment (ROI) of the proposed solution. Common methods used to calculate ROI include break-even analysis, payback period, net present value, and internal rate of return.¹⁰ You should first find out what your organization's expectations are for showing the return of the proposed initiative. Then partner with finance to produce these calculations. Figure 11 shows a sample list of costs related to a talent analytics investment.

¹⁰ Source: *Human Capital Analytics: How to Harness the Potential of Your Organization's Greatest Asset*, Gene Pease, Boyce Byerly, and Jac Fitz-enz / Wiley, October 20, 2012.

Figure 11: Examples of Costs Related to a Talent Analytics Solution

Project Costs	Year 1	Year 2	Year 3
Software			
Purchase price and license fees	\$ -	\$ -	\$ -
Maintenance, support, and upgrade charges	\$ -	\$ -	\$ -
Hardware			
Purchase price	\$ -	\$ -	\$ -
Maintenance, service, support, and upgrade charges	\$ -	\$ -	\$ -
Implementation costs			
Design	\$ -	\$ -	\$ -
Installation and setup	\$ -	\$ -	\$ -
Training	\$ -	\$ -	\$ -
Staffing / hiring costs			
Sourcing and recruiting	\$ -	\$ -	\$ -
Compensation (salary, bonuses, benefits, overhead)	\$ -	\$ -	\$ -
Onboarding	\$ -	\$ -	\$ -
Training	\$ -	\$ -	\$ -

Source: Bersin by Deloitte, 2014.

Engage Stakeholders to Guide Cost Calculations

It is important to connect with stakeholders in order to gain input on costs and validate any necessary information. For example, if your solution calls for a software application, you will need input from IT and possibly procurement on costs and resource requirements. If your cost assumptions have not been validated, the credibility of the business case may be questioned. Executives and other stakeholders are responsible for allocating funds across the organization; if another project looks to be more fiscally sound, that initiative is more likely to be funded.

Provide Assumptions and Benchmarks for Costs

Be sure to document sources and assumptions for all costs. When decision-makers are reviewing the calculations in your business case, you may be called upon to justify your figures and explain your reasoning.

If your proposal calls for hiring staff, your recruiting group can help to determine hiring costs and salaries. If similar positions do not currently exist within your organization, you can obtain benchmarks from external studies. For instance, our research shows that the cost to recruit a new hire averages nearly \$3,500 in the United States.¹¹ Since hiring for analytics talent is likely to be more costly than with many other types of positions, you may need to adjust this figure. Adjustments may also need to be made depending on the position's location, as some markets (e.g., New York, San Francisco) have relatively higher salaries than others.

For salary information, you can look to external compensation studies. For example, one study reports that the average salary for a data scientist (an individual contributor role) with four to eight years of experience is approximately \$120,000. For a manager-level role (someone responsible for leading an analytics function), the average salary is just above \$180,000 (see Figure 12).

Figure 12: Compensation Figures for Data Scientists¹²

Job Level	N	Base Salary				Bonus Eligible	Actual Bonus	
		25%	Median	Mean	75%		Median	Mean
Individual contributor, level 2	24	\$100,000	\$120,000	\$119,042	\$136,250	75%	\$17,400	\$17,931
Manager, level 2	33	\$156,000	\$183,000	\$181,682	\$200,000	85%	\$35,075	\$44,109

Source: *Burtch Works, LLC, 2014.*

¹¹ For more information, *Talent Acquisition Factbook 2011: Benchmarks and Trends of Spending, Staffing and Key Talent Metrics*, Bersin & Associates / Karen O'Leonard, November 2011. Available to research members at www.bersin.com/library.

¹² For more information, see *The Burtch Works Study*, Burtch Works, LLC, April 2014, www.burtchworks.com/register_study.php.

After gathering the different cost elements, you can calculate the total estimated cost of the proposed solution. Depending on your organization, you may need to estimate the costs for the first three years or the first five years.

Step 4: Quantify Impact

Another important step is determining the benefits or impact your solution will have on the organization—with the goal of having the benefits outweigh the costs. Quantifying benefits can be tricky, as many can be intangible. But to the extent possible, make some informed estimates and validate these with stakeholders. As with costs, be sure to document all sources and assumptions.



KEY POINT

Companies are using analytics projects to understand the drivers of turnover and employee engagement.

Identify Expected Benefits

The next step is to detail how the company will benefit from your initiative. Going back to Step 1, review the business issues or challenges addressed by your solution. Figure 13 shows some examples of the benefits a talent analytics solution might provide. This figure shows the improved talent outcomes on the left, with the associated business outcomes on the right.

Figure 13: Examples of Benefits Provided by Talent Analytics Projects

Talent Outcome	Business Outcome
Reducing time to fill for new hires	Higher productivity
Improved compensation models	Potential expense reduction coupled with improved productivity
Reduced turnover	Higher productivity and top-line revenue
Lower risk of unionization	Expense reduction
Reduction in safety incidents / accidents	Expense reduction, higher productivity
Improved workforce planning capabilities	Higher productivity

Source: Bersin by Deloitte, 2014.

Most executives would agree these impacts on the business are positive, but you may need to demonstrate that they outweigh the cost of your proposed solution. For example, a large energy company built a business case calling for increased staffing and a new system to drive better workforce deployment. With its current staffing and systems, the company could not accurately estimate the need for contingent workers, resulting in frequent overstaffing. With better insights into its labor, the company estimated that it could reduce its overall labor costs by at least 5 percent, saving millions of dollars annually. This projected savings far outweighed the cost of the additional headcount and technology purchase.

Quantifying the Benefits

Quantifying the benefits of a solution in terms of actual numbers is not easy. But to the extent that you can put some numbers behind your case—in terms of cost savings, productivity gains, or both—your business case has a higher likelihood of success.

Look for internal and external data, or benchmarks, to use in your calculations. For example, many companies have undertaken analytics projects to uncover the drivers of employee engagement. One such company, the Gallup Organization, found that highly engaged organizations have significantly higher productivity, profitability, and customer ratings; lower rates of absenteeism; and fewer safety incidents than organizations with low engagement. Specifically, the highly engaged organizations had 22 percent higher profitability, 21 percent higher productivity, 10 percent higher customer satisfaction, 37 percent lower absenteeism, and 48 percent fewer safety incidents.¹³

As another example, if your analytics solution will help to identify flight risks, thereby reducing turnover, find out how much turnover costs your organization and then calculate the cost savings for each percentage point reduction in turnover. If you do not have this internal data, use external benchmarks. Experts estimate it costs upwards of twice an employee's salary to find and train a replacement.¹⁴

¹³ Source: *State of the American Workplace: Employee Engagement Insights for U.S. Business Leaders*, Gallup, Inc., 2013, www.gallup.com/strategicconsulting/163007/state-american-workplace.aspx.

¹⁴ Source: "How to Reduce Employee Turnover," *Wall Street Journal*, n.d., <http://guides.wsj.com/management/recruiting-hiring-and-firing/how-to-reduce-employee-turnover/>.

Figure 14 shows an example of calculating the benefits of reduced turnover. Box A shows the hard costs associated with recruiting, onboarding, and training a new employee. Box B shows the soft costs, which include the costs of the internal staff time required to bring on a new employee and lost productivity due to having the position vacant. Box C totals these costs; in this case, it costs the organization \$76,000 to backfill positions for each lost employee. Box D then calculates the cost of a 1 percent voluntary turnover rate in an organization of 30,000 employees, which in this case is \$22 million. In other words, if an analytics solution can pinpoint flight risks and reduce turnover by even 1 percentage point, the organization will save \$22 million a year.

Figure 14: Quantifying the Benefits—An Example

A. Cost Savings: Hard Costs	
Recruiting and hiring costs per employee	\$20,000
Training and orientation costs per employee	\$ 8,000
Total hard costs per lost employee	\$28,000

C. Total Cost of Voluntary Turnover Per Lost Employee	
Hard costs	\$28,000
Economic (soft) costs	\$48,000
Total	\$76,000 per lost employee

D. Cost of Voluntary Turnover to Organization	
	1% Voluntary Turnover Rate
X	30,000 employees
X	\$76,000 cost per employee
Total Cost	\$22.8M

B. Cost Savings: Soft Costs	
Time to source / identify new candidate	10 days
Time to recruit new candidate	50 days
Time to train/develop in year 1	<u>20 days</u>
Total time to reach productivity	80 days
16 wks (80 days) x \$2,000 / wk	\$32,000
Time to reach productivity of lost employee	20 days
20 days X (\$100 rev / ee hour)	\$16,000
Total Soft Costs	\$48,000

This organization stands to save \$22.8 million for every 1 point decrease in their voluntary turnover rate.

Source: Deloitte Consulting, LLC, 2013.

Although this is an example, the benefits realized by these types of analytics projects are real. The following Case in Point describes how one company invested in a sophisticated analytics project to reduce turnover and meet its sales targets.

Case in Point: Reducing Turnover through Predictive Analytics

A large global pharmaceutical company is working to grow its workforce and revenues in China. But, with intense competition for talent, turnover is a real problem in the region, as employees are continually approached with outside opportunities. To execute on its aggressive growth strategy, the company recognized the need to improve employee retention, particularly among its sales force. The company's leaders sought to understand the factors influencing turnover and to develop solutions to improve retention among this critical workforce segment.

At the start of the project, the analytics team began collecting internal and external data on attrition drivers. Data was gathered for both active and terminated sales managers over the last three years, including nearly 6,000 individuals. A total of 132 variables were used as input for the analysis.

Using this data, the team created a model to predict the likelihood of turnover. The model identified which variables were strong predictors of turnover and which were not. Some of the findings were surprising. For example, some managers believed that compensation was a primary driver of turnover. The model, however, showed no significant relationship between compensation and turnover (see Figure 15). The top five variables that proved to be the strongest predictors of turnover were:

1. Length of time in current position
2. Marital status
3. Whether the employee was a "rehire" (previously employed with the company)
4. Supervisor tenure
5. Performance ratings / bonuses

Figure 15: Significant Predictors of Turnover among Chinese Salesforce*

Rank	Variable	Relationship with Voluntary Attrition	Individuals Affected
1	High length of time in position	If an individual spends more than two years in a position, the likelihood of voluntary attrition increases considerably.	1,630
2	Marital status single	Individuals who have a marital status of "single" have a higher likelihood of voluntary attrition.	2,363
3	Rehire status	Individuals who were previously employed with the company and were rehired have a higher likelihood of voluntary attrition.	94
4	Low supervisor tenure	Individuals with supervisors who have been with the company for a shorter amount of time have a higher likelihood of voluntary attrition.	1,058
5	Low performance / bonus	Individuals who have lower performance ratings and lower bonuses have a higher likelihood of voluntary attrition.	907

*This data is from a global pharmaceuticals company.

Source: Bersin by Deloitte, 2013.

Case in Point: Reducing Turnover through Predictive Analytics (cont'd)

Based on the model, the team created a reporting tool to show a risk profile for each position. One of the key challenges was convincing line managers to "own" the results and take action on the high-risk positions. But the model's validity was proven when, shortly after it was developed, a large number of high-risk individuals left the company. This proved that the model was accurately predicting turnover among the high-risk group and helped to incent managers to act quickly to mitigate further turnover. The prescribed actions included conversations with the targeted employees to assess their engagement, career interests, and to find development opportunities. One issue among some employees with more than two years' tenure in their positions (the number one predictor of turnover) was a lack of available positions within their territory. The company is exploring a rotational program that will place individuals into other roles or in other territories to provide more opportunities and breadth of experience.

Case in Point: Reducing Turnover through Predictive Analytics (cont'd)

So far, the results have been impressive. Six months after prescribing retention solutions for targeted individuals, only two “high-risk” employees left the company—a much lower turnover rate than in the past. The improved retention has brought more stability and productivity to the team, and has enabled the organization to enhance its people pipeline. With these successes, the company is in a much better position to meet its growth targets in China. ↻

Identify Intangible Benefits

Accounting for intangible benefits, or those less easily quantified, will help to improve your business case. However, this is more difficult than other parts of the process because such improvements cannot be easily measured and linked to hard business outcomes (e.g., revenues, operating costs, etc.). Intangible benefits can include the following:

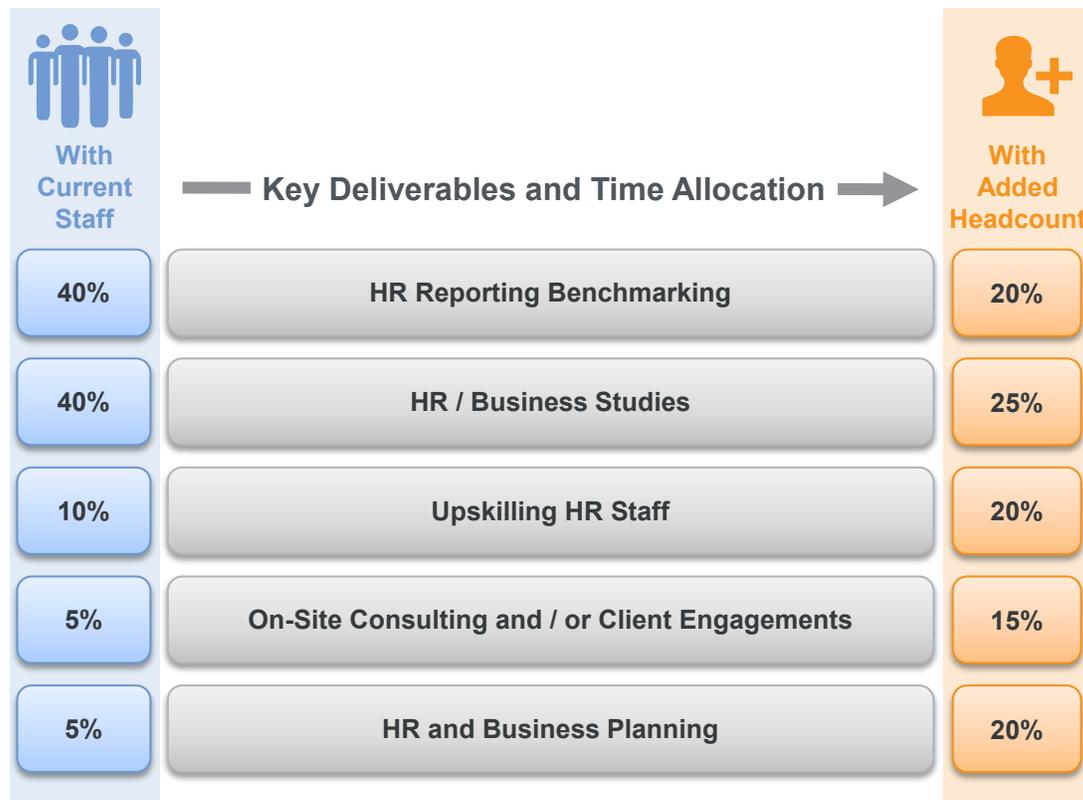
- Greater access to accurate metrics through self-service dashboards
- Faster turnaround on reports
- Better decision-making through higher-quality data



KEY POINT

Demonstrating the ability to shift the team’s time from reporting to strategic analytics can help to make the business case.

As one example, the head of HR analytics at a large financial services firm made a case for additional staffing based on the activities the group would be able to take on with greater resources. With the current staff, the group was devoting a significant portion of time to reporting. By hiring additional staff with statistical modeling skills and consulting backgrounds, the team would be able to shift its overall focus toward workforce planning and helping business leaders solve problems through analytics (for an example of time allocations for analytics staff, see Figure 16). Although these benefits were not associated with direct business outcomes, the organization’s leadership approved the proposal based on the new capabilities afforded by the additional headcount.

Figure 16: Example of Time Reallocation with Increased Staffing

Source: Large Financial Services Firm, 2012.

In some cases, intangible benefits can lead to tangible ones. According to the authors of the book *Human Capital Analytics: How to Harness the Potential of your Organization's Greatest Asset*:

"You need to be persistent in your approach to finding value. For some intangibles benefits, it is difficult to assign a concrete value, but the process of linking leading indicators to business impact metrics often allows an intangible benefit to be assigned a financial value, preferably one conservative enough to satisfy all stakeholders."¹⁵

The following Case in Point demonstrates how improving data quality and data integration resulted in better workforce planning and resource allocations for one organization—and hence lower operational costs.

¹⁵ Source: *Human Capital Analytics: How to Harness the Potential of Your Organization's Greatest Asset*, Gene Pease, Boyce Byerly, and Jac Fitz-enz / Wiley, October 20, 2012.

Case In Point: Improving Data Quality at Southern California Edison

As one of the largest utilities in the United States, Southern California Edison (SCE) provides electricity to more than 14 million people across 180 cities. In 2008, the company began a multiyear process to enhance its analytics and workforce planning capabilities, with data quality being a key focal point. The goal was to create a system that would improve customer service delivery through better management of its 15,000 full-time employees and large contingent workforce.

The Promise of Fully Integrated Employee Data

The first phase of the transformation involved switching from SCE's legacy HR information system to an enterprise resource planning (ERP) platform. The ERP offered substantial advantages by integrating data from finance, operations, HR, and other departments into one system, thus providing a 360-degree view into SCE's core business operations and workforce. This level of integration made it possible to perform more sophisticated analytics and workforce planning scenarios—leveraging employee data along with financial, operational, and compensation data.

Reducing Data Entry Errors

Before SCE could gain more useful insights through analytics, however, the organization needed to address data quality issues. One initial issue with the switch to the ERP platform was that data entries made by one department could activate an inadvertent change in HR's employee data. Another significant source of anomalies came from a group of approximately 100 field employees who had access to the system for updating data on pay, promotions, and other employment status issues. Initially the error rate was close to 22 percent, meaning that nearly a quarter of the organization's employee data was inaccurate or incomplete at any given time.



KEY POINT

SCE's switch to an ERP platform enabled the organization to integrate data to provide a 360-degree view into their core business operations and workforce.

Case in Point: Improving Data Quality at Southern California Edison (cont'd)

By working closely with the IT department, SCE's HR data integrity group was able to limit access privileges so that only a small number of HR personnel were able to enter data directly into the system. With fewer people having direct access, fewer errors were introduced. In addition, the data integrity group partnered with IT to create workflows and online wizards to guide field employees through the process of identifying proper data codes. Now, once the right data codes are identified and validated through the system, the change request is automatically forwarded to the data integrity team for approval. Once approved, those changes are automatically updated in the ERP system.

As a result of these changes, SCE's error rate dropped from 22 percent to less than 6 percent in 2013. Regular data audits are an essential part of maintaining this level of accuracy. The organization runs 15 automated audits on a weekly basis that search for job-type mismatches, invalid employee codes, union code changes, and other discrepancies. Four monthly audits look for incorrect job codes, missing work contract data, missing seniority data, and incorrect codes for separated employees. Seven quarterly audits assess contingent worker status codes, vacant position status, cost center designations, and other key data fields. If the audit finds a potential error, the data integrity team investigates the issue and corrects the information.

Today, the data integrity team at SCE has 12 employees, up from 3 in 2008. Higher-quality data means that HR and business leaders now have more useful insights into their workforce. Before the new system and processes were introduced, managers had extremely limited insight into SCE's large contingent workforce, making it difficult to plan and budget for staffing. Today, the company has real-time information on the size of this group, their compensation, assignment length, and specific responsibilities. They can now staff projects with the appropriate number of people and with the right skills sets in a much faster time frame than ever before.

Accurate employee data also means managers can effectively measure their teams against industry benchmarks. One analysis of external benchmarks revealed that SCE's HR department

Case in Point: Improving Data Quality at Southern California Edison (cont'd)

was overweighted in terms of compliance professionals, but understaffed when it came to HR generalists. The department then took steps to rebalance its staffing resources accordingly.

Achieving high levels of data quality was at the heart of SCE's enterprisewide strategy to reduce operation costs and shift those savings to capital investment. Quality data has played a key role in enabling significant improvements in workforce productivity.

"You can't do sophisticated analysis and make strategic decisions without solid data. The data is what gives us real insights into the business."

—Senior Manager of Human Capital Analytics, SCE 

Step 5: Present the Business Case

★ LEADING PRACTICE

Prior to presenting the business case, try to garner support from those with approval authority.

A business case does not exist (nor receive approval) in a vacuum. You will very likely need to present your case before your executive team to get approval and funding for your request. Now it is time to prepare your presentation. At this point, your ability to articulate your business proposal crisply and convincingly is important.

Know the Competing Projects

The executive team has very likely heard many requests for funding and will be comparing your request to others that are perhaps equally compelling. It can help you to know about the competing projects being proposed. If you know there is a huge capital project proposal in front of the executives, for example, you may have better luck trying to work an analytics component into that proposal, rather than competing against it.

Meet with the "Deciders" Prior to Your Presentation

Before you even approach the official presentation of your business case, you may want to meet with each "decider" individually to gain approval and ask for tips on how to present your case. This creates the opportunity

to hear that person's potential objections—something that is far better done in a one-on-one session during which you can ask questions (as opposed to in a formal executive team presentation).

Develop and Deliver the Presentation

After following the steps outlined in this report, you should have the key points you need for each portion of your business case presentation, which is a concise synopsis of the written business case. Generally, such presentations use PowerPoint or a similar tool, and address the following:

- **The Problem or Business Opportunity**
Explain the business need / value
- **A Description of the Solution**
Precisely what you are requesting funds for
- **Possible Risks, Dependencies, and Assumptions**
Be sure to include the risk of doing nothing in this section
- **The Benefits / Impact**
Quantify the benefits in terms of bottom-line impact
- **Cost Details**
Include financial implications
- **A Brief Summary**
Reiterate the issue, costs, benefits, and impact

★ LEADING PRACTICE

Think of your business case presentation as an “elevator pitch”—as though you have about five floors of an elevator ride to cover the main points from start to finish.¹⁶

In general, business cases are often rejected when the solution, benefits, and / or costs are not clearly defined. They have a greater chance of being approved when the solution is aligned with a corporate goal, the case has a champion, and the stakeholders are well informed and supportive.

Executives have limited time. You will want to have slides and data available to answer any questions, but keep your main points short and to the point. The presenter should be prepared to make his or her case in 15 minutes or less, with backup materials available.

¹⁶ For more information on presentation tips, see *HBR Guide to Building Your Business Case*, Ray Sheen and Amy Gallo / Harvard Business Press Books, August 9, 2013.

Ready, Set, Go!

At this point, you should be ready to deliver your business case. Good luck! Our appendices provide additional resources to assist you, including checklists for developing your business case, an outline laying out the steps detailed in this report, and an example of a blank business case created by a *FORTUNE* 500 services firm.

Conclusion

The first step in developing a business case is to do your homework. Become familiar with the resources and system infrastructure you already have available.



KEY POINT

Before asking for a great deal of funding, you should first build credibility.

Before asking for a great deal of funding, you should first build credibility. Implement a few “small wins” in terms of analytics projects, helping business leaders solve some of their problems with data. Collaborate with others in the organization on these projects—as well as when developing your business case—so that you have a greater chance of success.

Overall, make sure that your business case aligns with a business need. Focus on how your analytics solution will help the organization in terms that will resonate with business leaders and try to identify an executive champion for your proposal. Careful preparation, collaboration, and a compelling presentation are the recipe for a successful proposal.



KEY TAKEAWAYS

- Do your homework. Know what data, resources, tools, and systems you already have available, and how these will fit with your proposed solution.
- Find an executive champion or sponsor to socialize and promote your proposed solution. Identify decision-makers, beneficiaries, stakeholders, and potential detractors or naysayers, and solicit feedback from all of these groups when preparing your case.
- Identify any risks and dependencies in your solution, and make sure to investigate all reasonable alternatives, including continuing with the present state (the “do nothing” option). Be prepared to justify the idea that your proposal is the optimal solution.
- The more you can quantify the benefits of your proposed solution in terms that matter to stakeholders, the greater the possibility of success. These metrics will also provide guidelines for measuring success as the program progresses. Consult with stakeholders to validate your assumptions.
- Make sure to detail the costs associated with your assumptions. Consult with key stakeholders—such as finance, IT, and talent acquisition—to accurately estimate costs, and use external benchmarks if necessary.

Appendices

Appendix I: Checklist for Developing a Business Case

Use this checklist to help you build your business case for talent analytics.

Step 1: Identify the Business Issues and Stakeholders

- Identify the issues impacting the business that have a bearing on the goals and objectives of the organization.
- Identify the key stakeholders.
- Engage key stakeholders and make them a part of the proposed solution.

Step 2: Define the Solution

- Inventory the tools already available in your organization to ensure there are not options in another business function or location that can help to meet your requirements.
- Consider other options.
- Outline what the end goal will be, what is needed to get there, and the timeline.
- Take into consideration the impact the solution will have on other departments, technology solutions, the budget, human resource capacity, timing, etc.
- Anticipate all risks involved.

Step 3: Identify Costs

- Gather all cost-related information.
- Reconnect with stakeholders to gain their input and validate any necessary information.
- Provide assumptions and benchmarks for costs.

Step 4: Quantify Impact

- Identify the benefits of the proposed solution for talent analytics.
- Quantify these benefits.
- Take into consideration any intangible benefits.

Step 5: Present the Business Case

- Identify other projects competing for funding.
- Meet with those who will have decision-making power for your project and explore their potential objections prior to the presentation.
- Develop the presentation. Is it truly ready to be delivered?

Appendix II: Business Case Planning Outline

The following outline lays out the steps for creating a talent analytics business case as detailed in this report. These steps represent a synopsis of the questions and considerations you will need to take into account as you build and finalize your business case. The last bullet in each section represents the actionable item you will need to address to create an effective argument for your proposal.

How Do You Define the Business Problem?

- What is the problem you are trying to solve?
- *What question will your solution address? Be specific.*

Who Are the Stakeholders?

- Who will be involved in the decision to approve your business case?
- Who will be affected by your solution?
- Do you have a champion?
- Are there any potential detractors?
- *List the key stakeholders by role. What are their drivers?*

Evaluate the Alternatives

- Is there a less-expensive or less-risky option?
- What are the pluses and minuses of each alternative?
- What if you don't get funding?
- *Describe alternatives to your proposal, including the "do nothing" option.*

Define the Solution

- What is the end goal?
- What is needed to get there?
- What is the timeline?
- *Detail the solution, assumptions, dependencies, and risks.*

Identify Costs

- What are the costs involved?
- *Detail the cost items. How will you determine the costs?*

Quantify the Benefits

- How will the organization benefit from the solution?
- Can you quantify the benefits in terms of bottom-line impact?
- *Detail the benefits. How will you quantify the benefits?*

Appendix III: Talent Analytics Business Case Example

The following is an example of a blank talent analytics business case created by a *FORTUNE* 500 services firm. For an editable version of a talent analytics business case template that you can customize for your own needs, please see our Business Case Template for Talent Analytics Initiatives tool, available to research members at www.berstein.com/library.

Business Case for <Project Name>

Prepared By:	Business Unit	Date	Approved By:	Date

Section I: Overview

Project Name: _____

Executive Sponsor: _____

Requesting Business Unit: _____

IT Sponsor: _____

Technical Project Manager: _____

Project Manager: _____

Estimated 20XX Spend: _____

Projected Start Date: _____

Projected End Date: _____

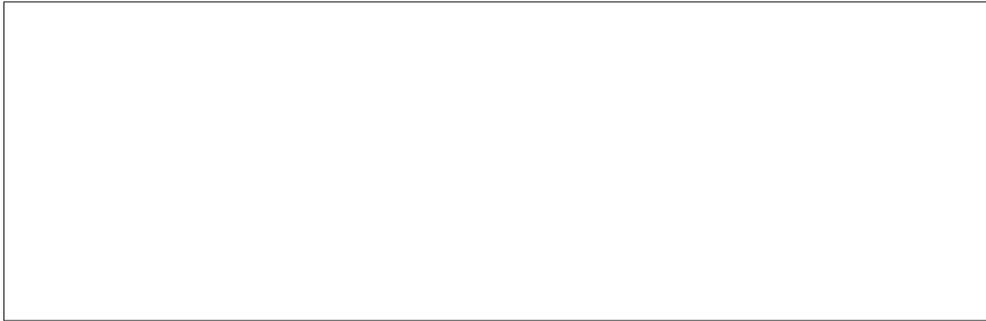
Primary Business Value: _____

Section II: Business Problem or Opportunity

Background

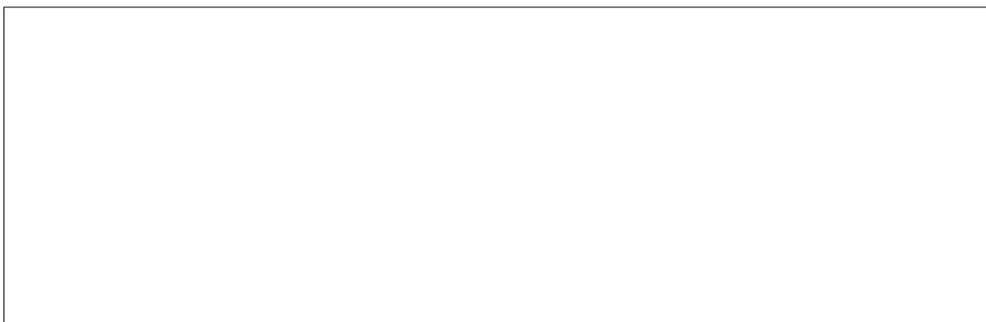
Include the following:

- Description of the business issue or opportunity. Why should it be done and what are the implications of not doing it?
- Description of the proposal from a business perspective, including purpose, key objectives, and deliverables.
- Summary of expected outcomes; this should be specific and measurable.



Corporate Goal Alignment

Describe how the proposal aligns with corporate goals.



Risk of Doing Nothing

Describe the risk of not investing in this proposed project. Include the specific risks that this proposal will mitigate. For example:

- Operational risk (e.g., risk of business operations being disrupted)
- Regulatory risk (e.g., risk of noncompliance with regulatory requirements)
- Financial risk (e.g., risk of significant financial loss)
- Data integrity risk (e.g., risk of data loss or change)
- Reputational risk (e.g., risk of impacting the company's reputation)
- Other risks

Section III: Proposed Solution

Solution Description

Describe the solution that will address the business problem or opportunity. If applicable, include the proposed technical solutions being considered (i.e., vendor, product, etc.).

Technical Strategy (If Applicable)

Describe the technology that will be implemented or modified as a result of this project.

--

Feature Requirements (If Applicable)

List and describe the high-level features the system or technology must have in order to achieve the proposal's objectives.

	Feature	Description
1.		
2.		
3.		
4.		
5.		

Dependencies

Identify the dependencies necessary to successfully complete the project (e.g., functional groups, existing projects, etc.).

	Dependency	Description
1.		
2.		
3.		
4.		
5.		

Stakeholder Engagement

Identify key stakeholders for this initiative. Explain how you will engage them throughout the project.

Stakeholder Name	Business Unit or Function	Role	Expected Level of Engagement

Risks

Identify risks associated with the execution of the proposal. Describe each risk and then rate its likelihood and the impact it will have on the project as high, medium, or low.

Risk Category	Likelihood <i>(Low / Medium / High)</i>	Impact <i>(Low / Medium / High)</i>	Strategy for Mitigating Risk
Technology Risks <i>(Example: New or unproven technology)</i>			
Resource Risks <i>(Example: Required skills not readily available)</i>			
Financial Risks <i>(Example: Implementation is new / unknown, resulting in highly uncertain cost estimates)</i>			
Other Risks <i>(Please describe)</i>			

Timeline

Outline key milestones for this initiative, including start and finish dates.

	Major Milestone	Start Date <i>(projected)</i>	Completion Date <i>(projected)</i>	Comments
1.				
2.				
3.				
4.				
5.				
6.				
7.				

Section IV: Benefits

List the expected benefits of the initiative and summarize how they will be measured. Include key metrics to be collected.

	Benefit	Measurement / Metrics	Comments / Notes
1.			
2.			
3.			
4.			
5.			
6.			

Section V: Costs

Identify related costs, including project expenditures, capital expenditures, and ongoing operating costs. List assumptions made to determine estimated values.

Project Costs	Year 1	Year 2	Year 3
Software			
Purchase price and license fees	\$ -	\$ -	\$ -
Maintenance, support, and upgrade charges	\$ -	\$ -	\$ -
<i>Subtotal</i>	\$ -	\$ -	\$ -
Hardware			
Purchase price	\$ -	\$ -	\$ -
Maintenance, service, support, and upgrade charges	\$ -	\$ -	\$ -
<i>Subtotal</i>	\$ -	\$ -	\$ -
Implementation Costs			
Design	\$ -	\$ -	\$ -
Installation and setup	\$ -	\$ -	\$ -
Training	\$ -	\$ -	\$ -
<i>Subtotal</i>	\$ -	\$ -	\$ -
Staffing / Hiring Costs			
Sourcing and recruiting	\$ -	\$ -	\$ -
Compensation (salary, bonuses, benefits, overhead)	\$ -	\$ -	\$ -
Onboarding	\$ -	\$ -	\$ -
Training	\$ -	\$ -	\$ -
<i>Subtotal</i>	\$ -	\$ -	\$ -
TOTAL	\$ -	\$ -	\$ -

Cost Assumptions / Comments	
1.	
2.	
3.	
4.	
5.	

Appendix IV: Related Resources

- *High-Impact Talent Analytics: Building a World-Class HR Measurement and Analytics Function*
- *HR Boosts Investment in Talent Analytics*
- *Getting Started with Talent Analytics*
- *Five-Star Data Quality: Building the Foundation for Effective Analytics*
- *Talent Analytics Maturity Model: Progression of Capabilities*
- *Talent Analytics Maturity Assessment (Rapid)*
- *Talent Analytics Framework*
- *Analytics Driving Action*
- *HR Analytics for Driving People Strategies*
- *Making Better Decisions: Data, Big Data, and You*
- *Driving to World-Class Talent Analytics*

Appendix V: Table of Figures

Figure 1: Bersin by Deloitte Talent Analytics Maturity Model	7
Figure 2: Additional Investments in Talent Analytics	8
Figure 3: Investments in Talent Analytics in the Last 12 Months	9
Figure 4: The Value of Talent Analytics	12
Figure 5: Five Steps for Developing a Business Case for Talent Analytics	16
Figure 6: Common Concerns among HR Leaders	18
Figure 7: Alternatives for a Technology Implementation	22
Figure 8: Comparison of Options	24
Figure 9: Cost of Proposed Solution versus Current Solution (the “Do Nothing” Option)	25
Figure 10: Examples of Risks for a Talent Analytics Proposal	28
Figure 11: Examples of Costs Related to a Talent Analytics Solution	29
Figure 12: Compensation Figures for Data Scientists	30
Figure 13: Examples of Benefits Provided by Talent Analytics Projects	31
Figure 14: Quantifying the Benefits—An Example	33
Figure 15: Significant Predictors of Turnover among Chinese Salesforce	35
Figure 16: Example of Time Reallocation with Increased Staffing	37

Acknowledgments

We want to acknowledge the assistance of Jen Krider, research analyst in talent analytics and benchmarking, for her help, as well as the exceptional support from the Bersin by Deloitte publishing team. Without your support, this work would not have been achieved.



About Us

Bersin by Deloitte delivers research-based people strategies designed to help leaders and their organizations in their efforts to deliver exceptional business performance. Our WhatWorks® membership gives *FORTUNE* 1000 and Global 2000 HR professionals the information and tools they need to design and implement leading practice solutions, benchmark against others, develop their staff, and select and implement systems. A piece of Bersin by Deloitte research is downloaded on average approximately every minute during the business day. More than 5,000 organizations worldwide use our research and consulting to guide their HR, talent, and learning strategies.

As used in this document, "Deloitte" means Deloitte Consulting LLP, a subsidiary of Deloitte LLP. Please see www.deloitte.com/us/about for a detailed description of the legal structure of Deloitte LLP and its subsidiaries. Certain services may not be available to attest clients under the rules and regulations of public accounting.

This publication contains general information only and Deloitte is not, by means of this publication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor. Deloitte shall not be responsible for any loss sustained by any person who relies on this publication.

Copyright © 2014 Deloitte Development LLC. All rights reserved.

Member of Deloitte Touche Tohmatsu Limited.