

# Implementing a Human Capital Analytics Strategy



## Industry: Health Care

Nationwide company that provides healthcare services ranging from short term care to long term care and rehabilitation.

## Case Snapshot

Moved from reactive data reporting to a strategic human capital analytical strategy that connects HR data to financial, operational and patient satisfaction metrics. This transition has enabled more informed strategic business and human capital decisionmaking.

## Metrics

**\$3.7** million in potential turnover cost savings if employee engagement improves

**4%** reduction in patient re-hospitalization rate if overtime hours are reduced

## About

This healthcare company is a large employer, with more than 80,000 employees across the United States. They provide a wide range of services including long term care, assisted living, senior care and rehabilitation services.

## Challenges

While masses of data were being collected and reported within this very complex organization, there was little being done to use the information strategically to make proactive, data-informed decisions. Data was owned by individual departments and held in siloes across the organization. In particular, the human capital and employee attitudinal data had not been explored as a tool for identifying the impact of human capital investments on operational and financial performance.

## How We Helped

Spring followed a multi-stage process to answer a set of human capital investment questions and determine the implication these had on the operational and financial performance of health care facilities. This included, but was not limited to, the following:

- Cross functional human capital analytics strategic working session
- Creation of a human capital analytics strategy
- People Value Linkage™ modeling
- Alignment and prioritization of future data collection and analytical efforts

## Results

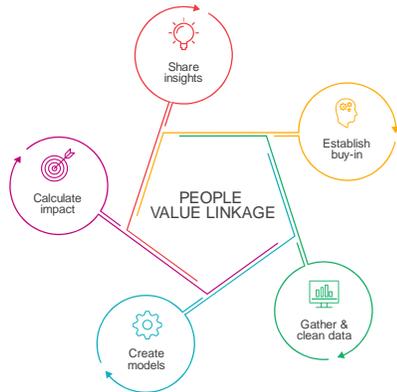
The first step in the process was to meet with company leadership to determine the top business priorities for the next five years. This helped establish the types of business decisions being made in the immediate future and the potential need for data to support those decisions. Second, the Spring team met with data holders across the organization to identify what data existed, who owned it, the format and the quality of data. This process of discovery and documentation enabled Spring to identify potential data sources, data gaps, data duplication and quality concerns.

From this exercise, we identified over 200 data components that could be aligned with human capital investment decisions. Using this information, we were able to develop a human capital analytics strategy and roadmap. In collaboration with the project team, Spring prioritized each phase of the analytical strategy and began to identify the impact employee attitudes had on key business metrics.

# Implementing a Human Capital Analytics Strategy



## People Value Linkage



- Establish Buy-In**  
Meet and connect with leadership and data owners to set goals
- Gather & Clean Data**  
Prepare data for analysis through quality review and cleaning
- Create Models**  
Build and test models that test hypotheses
- Calculate Impact**  
Utilize models to calculate monetary impact of ROI to inform decisions
- Share Insights**  
Create and share the story of HR and business impact

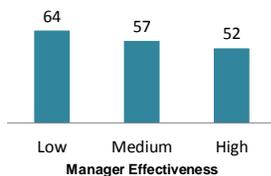
To identify the impact employee attitudes had on the bottom line, we used People Value Linkage (PVL) modeling. PVL uses a combination of factor analysis, regression, path analysis, and structural equation modeling to discover relationships between different types of data.

We explored the relationships between employee attitudinal data, HR data, financial data, and operational data to identify significant relationships that if improved, could lead to significant cost savings for the organization.

Data holders from across the organization were involved in identifying key data sources, and possible hypotheses for testing that would assist in future decision making. This helped to establish buy-in from business leaders.

## Connections

Annual Turnover Rate (%)



The PVL models explored variables such as employee engagement, absenteeism, open bed ratio, nurse burden, customer loyalty, and EBITDARM to name a few. Some of the relationships identified were:

- Increased overtime causes higher re-hospitalization rates
- Lower manager effectiveness causes higher turnover
- Higher turnover results in lower customer loyalty

The results identified the level of management influence on employee engagement and the direct and causal relationship between engagement and the bottom line.

## What's Next

The People Value Linkage approach connected human capital data with business metrics to identify areas where better Talent Management decision making was needed. Now identified, the organization can course-correct to build a stronger recruitment and retention strategy that may ultimately save the organization millions of dollars each year. Looking ahead, as a result of these findings, Spring recommended collecting data on the complete employee lifecycle. Additional data collection, research and advanced modeling is in process...

## About Spring International

Spring International energizes organizations to achieve higher performance through HR analytics including employee engagement, leadership evaluations, culture profiles and effective labor relations strategies. In addition, Spring helps companies through major change initiatives including mergers and acquisitions and dramatic growth or downsizing. Spring's solutions are rooted in 25 years of experience with clients across industries, including retail, manufacturing, pharmaceuticals, distribution, ecommerce, trucking and airlines. Our clients range from small companies who are leaders in their field to Fortune 50 multinationals.



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