



Wharton PEOPLE ANALYTICS
UNIVERSITY of PENNSYLVANIA

PEOPLE ANALYTICS: FROM INSIGHT TO IMPACT



INTRODUCTION

Two decades ago, analytics and data-driven decision making revolutionized sports. As depicted in Michael Lewis' Moneyball (and the 2011 movie starring Brad Pitt), statistical analysis uncovered overlooked talents and undervalued skills. People Analytics has the potential to do the same for businesses and other organizations.

The organizational upside to improving factors like productivity, retention, and employee well-being is enormous: people are frequently an organization's most important and most expensive asset. From the employee perspective, people spend more time working than almost anything else in life, and are increasingly expecting their work environments to support their well being - not just their productivity.

Every year since the inception of the Wharton People Analytics Conference, leaders have approached the Wharton team wanting to understand how they can introduce or evolve People Analytics in their own organizations. In the nascent field of People Analytics, each organization is siloed, independently building their own People Analytics practice. We were

often asked questions like: "What makes a People Analytics team successful?"

To find out, we embarked on a multi-year research project to peel back the curtain on People Analytics teams across industries and team sizes. Through interviews with People Analytics leaders and a survey of leading practitioners, we uncovered how these teams serve their collective 1,500,000+ employees, and what factors separate high-impact People Analytics teams from the rest.

In this paper, we've organized our findings into three categories: The Team, The Org Design, and The Enablers.

THE TEAM

A winning baseball team doesn't just draft power hitters; they build a well-rounded team with strong fielding, pitching, and baserunning. Similarly, high-impact People Analytics teams assemble versatile crews with diverse roles.

In particular, we found that People Analytics leaders stressed the value of finding balance between two types of team members: technical experts who can derive insights and subject matter experts who facilitate business application.

Wharton People Analytics (WPA) is dedicated to building better work for all, helping organizations and their employees thrive together. We advance this goal by collaborating with organizations to advance scholarship and improve organizational practice, while educating the next generation of organizational leaders. For more information, visit wpa.wharton.upenn.edu.

Thanks to the generous support of The Moh Foundation, The Moh Foundation Applied Insights Lab provides opportunities for students, researchers, and organizations to work together to advance the practice of people analytics. These include our Applied Insights Teams, which are comprised of competitively-selected students who work with our research staff and faculty to investigate essential topics that affect workers and their organizations with the goal of sharing their findings and insights with practitioners in the field. Through this process, students learn best practices for conducting useful applied research, while engaging with organizational leaders and subject matter experts.

¹ Our project was staffed with competitively-selected teams of Wharton MBA students. This report is being written by the current team members but it builds on work from a lineage of past teams. Contributors include: Sydney Babiak, Martin Larsen Alonso, Kristina Mani, Christine O'Hara, Xi Pan, Mimi Pham, Samantha Qu, Sophia Ronga, Allison Rose, Shreyas Srinath, Aditi Srinivas, Neha Upadhyaya, Savannah Williams, Nancy Yuan.

As one People Analytics leader at a CPG organization told us “it's hard to differentiate and have people just doing one role...you would [ideally] have...a data architect...a data scientist,... someone that's been doing the strategy,...[and] someone who's doing...the business interfacing.”

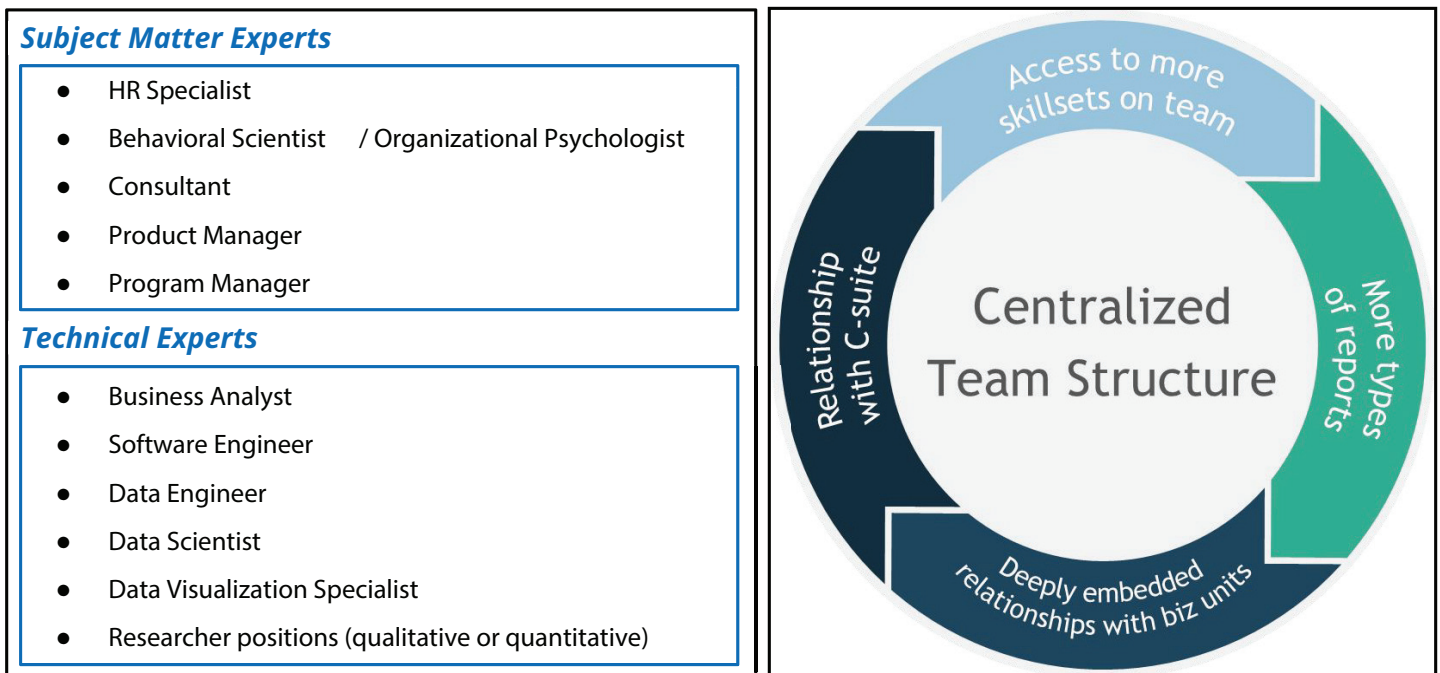
Our survey data corroborated this finding: consultants and data scientists were the two roles most correlated with high-impact People Analytics teams. The same leader at a CPG organization pointed out that when lacking in-house talent, their team chose to “purchas[e] some of that capability...[bringing] in a consulting firm to help...do those point in time analytics...and help us build on some of the technical skills.”

THE ORG DESIGN

100% of high-impact teams have a centralized or hybrid model.

People Analytics teams must consider how organizational design can enable impact. On one extreme, People Analytics teams may be placed by the organization into a decentralized model, where the People Analytics practitioners report into their client business areas. At the other extreme, People Analytics teams can exist within a centralized model, where teams are consolidated and professionals all report into the same department.

TWO ROLES MOST CORRELATED WITH HIGH-IMPACT PEOPLE ANALYTICS TEAMS:



The difference between these two models comes down to a decision between the proximity of a decentralized model and the scalability of a centralized model. In our survey, we found that 55% of teams operated within a centralized model, while only 7% of the organizations surveyed used a decentralized model. The remaining teams employed a combination of the two (a “hybrid” structure).

Looking to interviews to help explain why centralized models were more common, we heard People Analytics practitioners share, time and time again, the benefits of a more centralized or hybrid structure—benefits around resource pooling, knowledge sharing, and centralized reputation-building that are difficult to attain in a decentralized team. In fact, the leader at one tech company shared that “operat[ing] as a standalone group [allows us to] prioritize work based upon organization priorities and people’s business priorities...[gives People Analytics] visibility and an important voice across enterprise.”

On the other hand, our conversation with the leader of another large tech company’s People Analytics team, which recently transitioned from a decentralized to a centralized model, shed some light on the tradeoff associated with selecting a centralized model. A centralized model enabled scale, allowing the team to reallocate resources and human capital to align with organizational goals. The team, however, lost context from other departments to which they previously had direct access.

This loss is to be expected: decentralized structures with team members sitting within their business areas by nature facilitate greater business-specific knowledge and relationship building. In the absence of this, People Analytics teams need to focus on other ways of building active and meaningful partnerships with departments, or as one CPG leader put it, find ways to “go into the bloodstream of the organization,” which leads to our next set of insights.

THE ENABLERS

“Analytics can't live on its own... you build your network [and] know who your key influences are.”

—PHARMACEUTICAL FIRM LEADER

Through our research, we saw that a People Analytics team cannot live on its own and be impactful. Instead, high-impact teams are enabled by the network they build, a culture of data-driven decision making at their organization, and their external advocates.

BUILD YOUR NETWORK

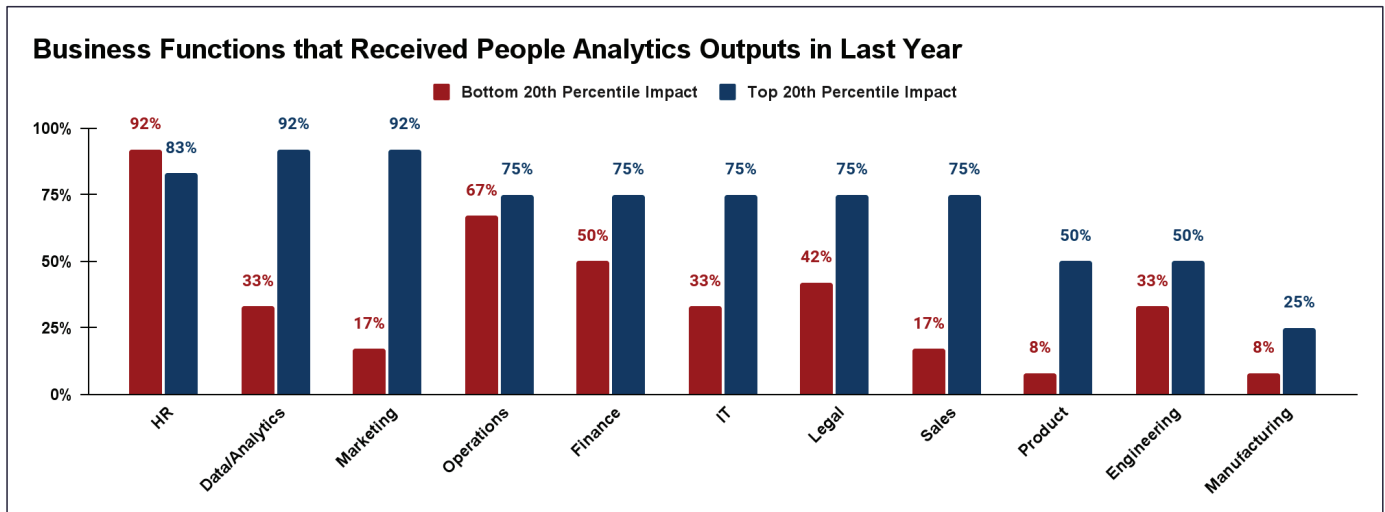
“Build buy-in by demonstrating the value-add of People Analytics and co-creating the most useful analyses that business partners need.”

—CPG CONGLOMERATE LEADER

The relationships that People Analytics teams build are critical to their level of impact, particularly amongst those that utilize a centralized organizational model. High-impact centralized teams often adopt a consultative model, treating business areas as clients.

By developing deep relationships with client business areas, People Analytics teams source top-of-mind problem statements and, in exchange, are able to provide business-specific reports, products, and services.

Nearly all People Analytics teams, from the lowest to the highest impact, serve HR as a client function. The highest impact teams, however, build substantive relationships across a broad range of business functions and product areas, embedding their services across the organization. Further, the highest impact teams delivered more sophisticated products and services to their clients. Whereas most teams produced some combination of static reports and interactive dashboards, the highest impact teams also built in-house software products and predictive analytics tools.



BUILD A CULTURE OF DATA

“A lot of how you use data comes down to culture.”

—CEO OF MARKETING RESEARCH FIRM

The highest impact People Analytics teams operate within an organizational culture focused on data-driven decision making. Clients and stakeholders of the People Analytics team’s work both understand and value the power of analytics to unlock potential and surface novel insights at their organization.

In our research, high-impact teams reported working with leaders who ask for data before they make decisions. This culture of data-driven decision making is also correlated with greater data governance and access, which together enable People Analytics teams to produce higher quality insights for their client business areas. Companies with strong People Analytics departments also admit that pursuing 100% of desired data can be frivolous; one manager told us, “In this space, you’ll never have all the data that you need.”

Building a culture that centers around data-driven decision making creates a flywheel effect for People Analytics teams that enable their impact.

BUILD YOUR ADVOCATES

100% of the highest impact People Analytics teams cited strong CEO support.

Having advocates across your organization, not just in HR and the C-suite, is key to a People Analytics team’s impact. Particularly for People Analytics teams that are not embedded with lines of businesses, advocates build your brand and enable you to have more impact. In organizations that do not have a culture of data-driven decision making, advocates can model the value of insights-driven decisions and strategies.

In organizations both small and large, CEO or C-suite support was consistently strong for the highest impact teams. People Analytics teams can build these advocates through successful partnerships and demonstrations of the use cases for People Analytics insights.

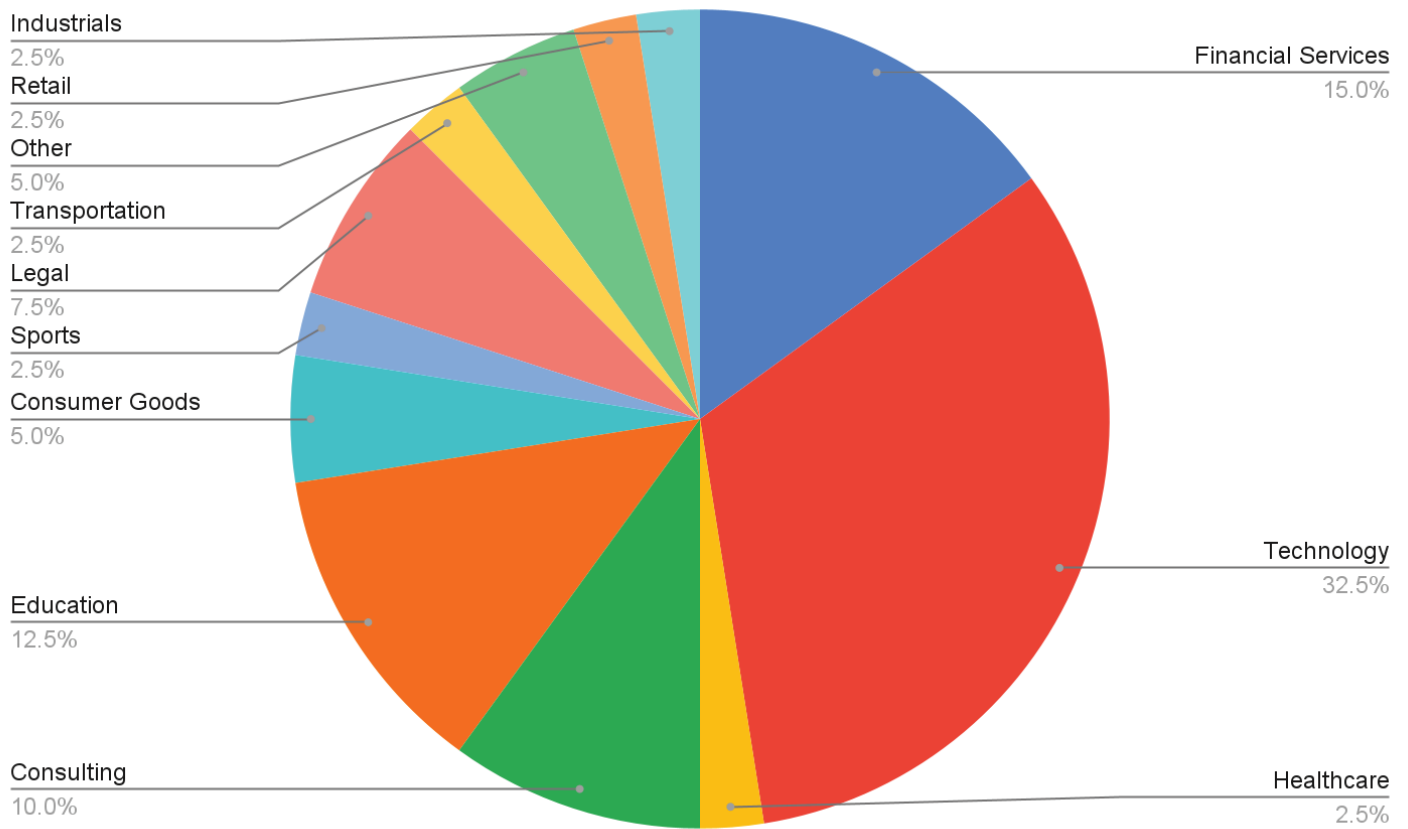
CONCLUSION

Just as Moneyball transformed baseball, People Analytics teams are in the process of transforming how organizations approach their workforce strategies and strategic priorities. Leveraging data to derive insights, fostering cross-functional expertise, and building deep relationships, People Analytics teams aren’t just in the dugout, they’re on the field.

METHODOLOGICAL SUMMARY

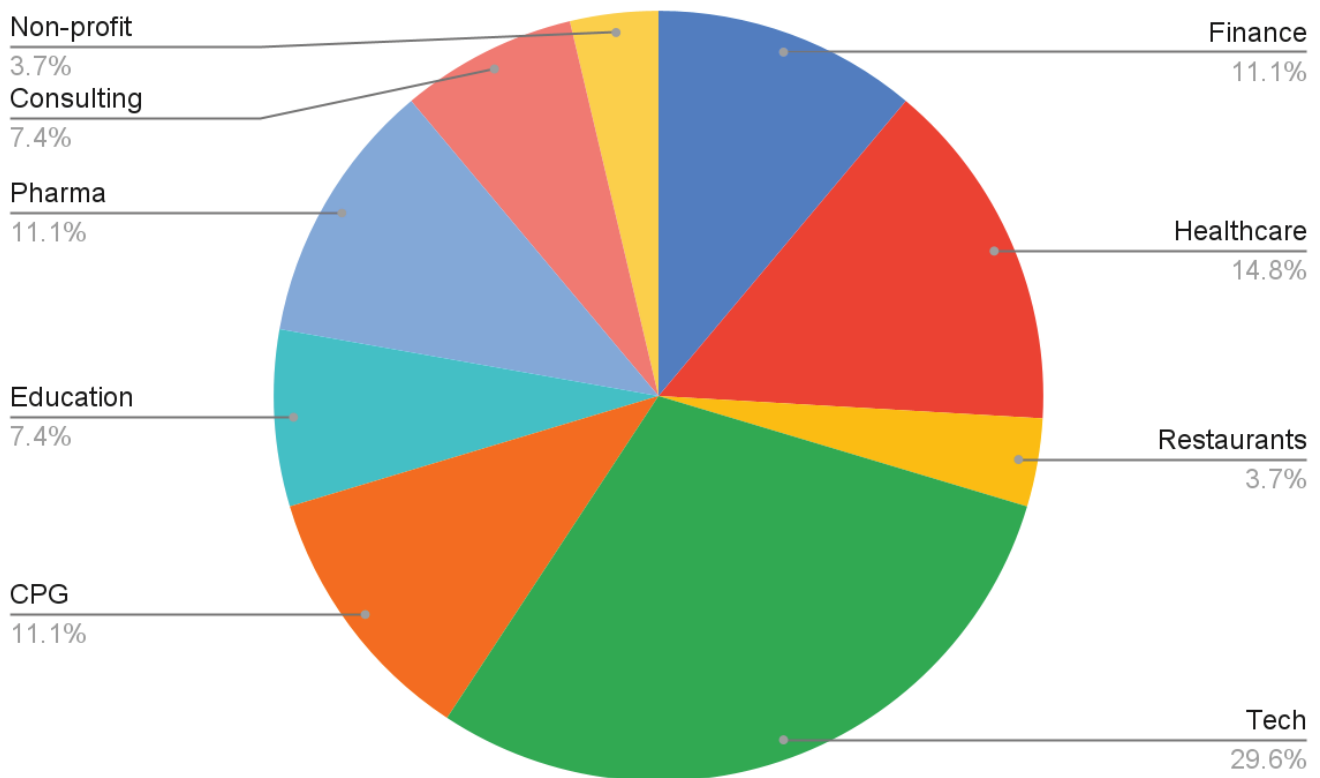
Our research was based on two types of data collection: interviews and a survey. In the interview portion, we conducted 27 interviews of senior People Analytics practitioners in which

participants were asked about a wide range of topics including their role within the organization, the efficacy of their team, and their experience in the organization. Each interview lasted approximately an hour. The industry distribution of the interviewees were as follows:



We then conducted a quantitative survey in a larger sample of 60+ people analytics professionals in order to validate and extend the findings from the interviews. All survey participants included in our analysis had a full time job in people analytics, most commonly in a leadership role but in some

cases as an individual contributor. Collectively, this pool of professionals serves over 650,000 employees. The industry distribution of our survey participants is as follows (based on the 66% who chose to disclose their industry):



DATA WAS COLLECTED BETWEEN 2020 AND 2023

Self reported impact score was calculated as the average of participants' responses to these three questions:

1. "To what extent do you agree with the following statement: my company's People Analytics team adds significant value to our organization?"
2. "How often does the People Analytics team influence decisions about how people are managed across the organization?"
3. "Within the last year, which level(s) of the organization received People Analytics team outputs?"