How to Use Metrics & Benchmarking to Improve Your HR Program



This story is for HR managers interested in finding out how to use the problem-solving skills of metrics and benchmarking to:

- Improve the effectiveness of their HR operations.
- Help their company become more profitable.
- Enhance not only their own respect and standing within the company but that of the HR department and staff.
- Build on each success to make more improvement, all the while moving closer to operational excellence.

If you're completely satisfied with your current HR program and processes and don't think you can take it to another level, you needn't bother reading this.

What Are Metrics & Benchmarking

Metrics are a set of numerical values used to measure activities and performance, and aid in determining whether a business process is effective.

Benchmarking is a practice in which a company compares the effectiveness of its own business practices to an external industry standard or best practice, typically from another company.

Although they're separate skills, metrics, and benchmarking go hand in hand. You use metrics to measure what you do now. You use benchmarking to compare your metrics to what others do and identify "best practices" that you can adopt to achieve similar results at your own company.

Benefits of Using Metrics & Benchmarking

There are at least 5 compelling reasons to make metrics and benchmarking an integral part of your operations:

1. Improve HR Performance

The best reason to incorporate metrics and benchmarking is to improve your HR operations. Metrics and benchmarking don't tell you what you're doing wrong or how to improve. They merely generate the data you need to make these determinations

yourself. Think of them like a compass that you can use to blaze a wilderness trail to improvement.

2. Engage HR Staff

Use of metrics and benchmarking helps you get more from your HR staff. The ability to measure performance enables you to establish and hold individual staff members to fair and reasonable performance standards. Those are the “sticks.” The “carrots”: Integrating metrics and benchmarking into HR processes can also be a way to engage and motivate staff and make their jobs more financially and emotionally rewarding.

3. Defuse Emotion

The HR department typically gets noticed only when problems occur. The resulting complaints and finger pointing generate not just stress but reactive and ill-informed decisions that fail to recognize, let alone address the root problems. One of the best things about metrics is that they calm the storm. “When you let the numbers tell the story, you can shut out the emotions and focus on the process rather than the people,” notes a leading HR consultant.

Example: After repeated complaints about keying errors made by administrator Anna Graham, the HR manager checks the metrics and finds that:

- Anna processes 200 reports per day, by far the most in the department.
- Anna’s keying error rate is 1%.
- The only administrator with a higher accuracy rate is Paul Lyndrome, at 0.1%.
- Paul only processes 50 reports per day.

Based on these metrics, the manager recognizes that the reason for Anna’s disproportionately high repeat complaint rate is not her lack of accuracy but the higher volume she processes. Having diagnosed the problem, the manager can proceed to correct it.

4. Gain Credibility with C-Suite

To instill strategic change, HR managers need the support of their CFO. But CFOs will not support HR or any other initiatives, without objective and measurable numbers. Without numbers, ideas are dismissed as mere opinions. Using metrics and benchmarking is the difference between touting HR initiative as “getting the most from its people” and demonstrating that it will save the company “$X in Y years at the cost of $Z.”

5. Increase HR Department Leverage

HR has traditionally been perceived as a cost rather than a profit center. In fact, HR has enormous strategic potential. But it must use metrics and benchmarking to achieve this potential. And lifting the HR department will also lift your own standing and leverage within the organization.

Takeaway: Getting AP Staff behind Your Plans

While metrics and benchmarking offer significant benefits, integrating them into HR operations is a challenge. The first thing you must do is bring your staff into your plans. “People hear the word ‘metrics’ and they tense up and fear for their jobs,” explains an HR consultant. Expect this reaction and don’t confuse it for protest and resistance. Remember that change isn’t easy, especially when it directly affects how people do their jobs.

Overcoming the fear and dread requires not only personal conviction in what you're espousing but leadership, understanding, and emotional intelligence. Start with the bugaboo about downsizing. While there's no sense in denying the personal accountability element, you need to reassure staff that using numbers to measure performance is not simply a prelude to layoffs or a way to make them work longer and harder.

Also let staff know that there's something in it for them by describing all the ways they stand to benefit from the use of metrics and benchmarking, including:

- Greater overall company respect for the HR department and function.
- Insulation of staff members against unfair and unfounded complaints.
- A new sense of mission that makes their job experience more challenging and rewarding.
- The opportunity to cultivate a new skill set that enhances their resume and lifts their perceived value.

Consider implementing metrics-based incentives to turn the personal-accountability negative into a reward-opportunity positive.

Real-Life Example: Briggs & Stratton Corp. made the successful transition to metrics by offering year-end raises, 4-day work weeks, and other rewards to payroll staff members for exceeding key performance metrics tied to accuracy and cost control. Results were tallied in an annual report card and individual performance that were published regularly to track progress and engage staff on an ongoing basis.