



**We encourage you to share this valuable information with your corporate peers to help accelerate Big Data success within your organization.**

## **EXECUTIVE SUMMARY**

In every corner of the marketplace, Big Data is the hottest topic. Why? Because it's the key to impacting business results—and isn't that what your success is all about?

Research shows that effectively leveraging Big Data can dramatically help organizations improve their strategic decision-making and achieve business goals faster, thereby increasing competitive advantage and, ultimately, profitability.

For HR, Big Data presents an ideal opportunity to create better business results through more proactive Talent Acquisition. Talent is the fuel that powers the business, and organizations that successfully place the right people in the right place (job) at the right time will enjoy better productivity and outcomes.

Big Data delivers valuable analytics and foresight to help HR more efficiently and cost-effectively recruit the talent needed to drive their businesses forward. Specifically, HR can precisely target sources that have the greatest likelihood of increasing candidate flow for specific positions, building stronger talent pipelines and accelerating time-to-fill. That precision targeting enables smarter marketing spend as well.

Yet the idea of Big Data is still daunting for many companies, and HR continues to struggle with where and how to start. HR has traditionally not been allocated the resources necessary to become an early adopter of new technologies, forcing the function into "wait and see" mode. But every day spent waiting is another day your organization falls behind its competitors, another candidate lost, another goal delayed. Fortunately, there are ways to harness the power of Big Data without breaking the bank.

This paper discusses the importance of proactive and strategic Talent Acquisition, the real benefits of Big Data for HR and a four-step plan to start your Big Data strategy now—in the spirit of immediately improving business results.

“Clearly, organizations that use talent as a differentiator are seeking to ensure that they’re using external data points to validate the true impact of their talent efforts.”

Source: *Analytics into Action: Workforce Planning for Talent Success*, Aberdeen Group, March 2012

Talent fuels the innovation and success of a company, and talent constraints are the main reason that businesses don't meet their strategic objectives. The **Boston Consulting Group** recently concluded that the Talent Acquisition function has the highest business impact of any of the HR functions on the success of running a business.

## Talent Does— And Always Will—Matter

“Today, many companies are reporting that their number one constraint on growth is the inability to hire workers with the necessary skills.”

This statement by former U.S. President Bill Clinton is unique not only because of the source, but even more so because it came amidst Clinton's two-term presidency—in the late 1990s. At that time, the thriving economy and technology boom made it difficult for many companies' Talent Acquisition efforts to keep pace with business growth and demand.

Fast-forward to 2013, and the statement still rings true. Though economic conditions have changed, balancing talent supply and demand continues to be a challenge for many companies and their human resources (HR) organizations.

Business experts agree that, for a company to achieve its strategic objectives and growth goals, it must continuously have the right talent in the right place at the right time. Or, as author Jim Collins explains in his book *Good to Great*, companies must “get the right people on the bus, and in the right seats.”

The timely deployment of skilled talent is necessary to avoid missing marketing opportunities, delaying business results and otherwise falling behind the competition. In other words, a lack of key talent and related staff constraints puts a company at a distinct disadvantage.

## Big Data Increases the Value of the Talent Acquisition Function



HR has been working hard to create and add value to organizations by moving from a focus on the transactional to the strategic. A significant opportunity has unfolded for HR, driven by the emergence of Big Data—the volumes of data collected electronically that can help companies make more strategic and evidence-based decisions to move their businesses forward. But only if they take advantage of this opportunity in a timely manner.

Simply put, Big Data provides the insight HR needs to predict outcomes and take action that improves the likelihood of success. By understanding what sources yield the highest-quality job candidates, for example, you'll make job marketing decisions that maximize your recruiting return on investment (ROI). But even more importantly, you'll build a more talented workforce to drive better business results in both the short and long term. It's not unlike "knowing where to fish" to achieve the best catch possible.

Big Data is the new frontier for innovation, competition and productivity—across all industries and functions. HR cannot afford to be a late adopter. By leveraging Big Data, HR can transform its image from a "reactive" recruiting function, responding to the "just-in-time" talent needs of the business to a "proactive" business partner that has the foresight to make better and faster Talent Acquisition-related decisions. As Dr. Jac Fitz-enz, the "father of HR metrics and analysis," recently said, "Without talent analytics, talent management won't be part of any significant business discussions." The two go hand-in-hand and make the sum much greater than its parts.



This unprecedented opportunity ties Talent Acquisition to the larger Workforce Planning model that helps companies strategically balance talent supply and demand against desired business outcomes. Because business cycles are moving faster than ever before, HR organizations that don't leverage Big Data analytics and insight to become more proactive will not only find themselves frenetically scrambling to fill positions, but will also risk seeing their company fall behind the competition.

At the end of the day, Workforce Planning is really about understanding your business needs, assessing your current talent and identifying your company's gaps so that you can help it swiftly "buy, build or borrow" required skills and capabilities. Leveraging Big Data is the key enabler for driving Talent Acquisition in the most efficient, cost-effective and timely manner.

[PricewaterhouseCoopers' most recent CEO study](#) revealed that 79% of CEOs have a CHRO or equivalent as one of their direct reports. The intent is to integrate HR with business planning at the highest levels within the company. This is what HR has wanted for decades, and it is clear that HR has earned a position in the C-suite.

### The Case for Big Data in HR

It's not surprising that companies that leverage data and analytics typically financially outperform their peers, as they continually seek ways to improve specific business results. Businesses that go one step further and incorporate Big Data insights into their analysis will continue this competitive advantage in their markets. **This is what Thomas Davenport refers to as "Analytics 3.0."** The advantages Big Data analysis brings apply to any industry and business function. Studying examples of how Big Data is already creating competitive advantage can give HR professionals ideas and insights on how this new technology can be applied to their profession.

HR can learn from other industries on how they are leveraging data analysis to improve performance.

As we all know, the goal of any team sport is to win. Professional sports takes this concept one step further since winning at the game also means greater revenue and profitability. When you think of professional sports as a business, then it becomes immediately clear why the management of those teams is always looking to find ways to gain competitive advantage. This is why it is not surprising that Big Data analytics are finding their way into the sporting arenas around the globe.

The Golden State Warriors of the National Basketball Association are pioneering the use of data analysis to improve the performance of their talent. Through statistical analysis, the team was able to uncover a blind spot where they did not know they were underperforming. **They discovered the pattern where opposing players were scoring against their star Center 53% of the time when he was guarding them within five feet of the basket.** With this newfound insight, the coaches were able to develop a strategy and a training plan that focused on addressing this gap and ultimately improved the performance of the overall team. The parallels between sports and work teams are readily apparent. Regularly examining data for patterns, measuring for areas of underperformance, and implementing a strategy to mitigate any issues is critical to any business' financial success.



Big Data gives businesses the ability to intervene and adjust course—in real-time—to mitigate risk and increase results.

The retail industry is quickly becoming another shining example for the business world on how Big Data insights can be leveraged to drive revenue and profitability. A recent example of several electronics store chains in Canada highlights the point. These stores are using the real-time analytics of their sales to make decisions as they stock their shelves. They noticed that in all of their stores, a purchasing shift had taken place; several specific upscale electronics items that started at about \$650 were suddenly selling significantly more than the lower-priced models, which were in the \$150 price range. Based on this insight, they started filling the shelves with more of the higher-priced merchandise and greatly reduced the number of lower-priced models. Sales in the categories that they made those changes in quickly surged 40%.

A 40% improvement in performance is incredible. Thanks to the real-time data, they were immediately able to zero in on the shift in purchasing behaviors and make changes that allowed them to immediately capitalize on it. There was no guessing involved.

These are just a few of the examples that can provide the framework for HR on how to grapple with applying Big Data analytics to their business activities. This new capability not only provides HR with further capability to improve its operational efficiency, but even more importantly, starts to give the profession a means to draw a connection between their activity and the two most important metrics in business: Revenue and Profitability. For example, given the acknowledged critical value of talent acquisition to the bottom line of the company, HR would zero in on the sourcing strategies that have the greatest success in finding the highest-skilled candidates, in the least amount of time, for least amount of effort and spend.

### The Skinny on Job Boards

- CareerBuilder's 2012 Candidate Behavior Study reports that 74% of workers are actively searching for or are open to a new opportunity—and over two-thirds of those workers are using job boards to find that opportunity.
- Furthermore, CareerXroads' new report, "2012 Sources of Hire: Channels that Influence," reveals that job boards rank just below referrals as the largest source of external hires.

## A Case in Point: Effective Job Posting

Despite some pundits' claims that job boards are dead, they continue to be one of the best tools for sourcing the talent you need—and a great place to launch your Big Data for HR journey. Job boards are evolving to provide a gold mine of information for employers and HR departments, thus representing a viable first step into the world of Big Data.

Big Data can show employers precisely which sources have the greatest likelihood for generating the flow of the specific types of candidates they need. The reality is that employers cannot attempt to point their resources—time, money, people, etc.—at every potential sourcing opportunity. Nor can they afford to waste valuable time and money sourcing from channels that have a low potential of finding them qualified candidates.

Big Data creates an opportunity for Talent Acquisition and sourcing professionals to glean key insights from the analysis of job board, candidate and employer data. Big Data analysis also enables the employer to measure the effectiveness of their recruitment campaigns in real time and make necessary adjustments—sooner rather than later—to improve performance.

It is critical that employers and recruiters leverage all available data and information to make better decisions about how recruitment resources are spent. Big Data can likewise help uncover valuable trends and patterns on "click decisions"—that is, why or why not a candidate takes the critical step to apply for your posted job—so that you can adjust your course of action and calibrate your processes accordingly.

If you're not doing this, your competitors are—and you'll have no way of knowing how many good candidates you've missed out on.



### So Now What? How to Kick-Start Your Big Data Strategy

Let's face it: The concept of "Big Data" is daunting for a lot of companies. Not only do HR leaders have their plates full with other strategic initiatives, but many lack the confidence in their organization's ability to execute a "Big Data" initiative. That's not unfounded, as the supply of skilled data analysts—internally and externally—is in markedly limited supply.

If you are one of those HR organizations striving towards proactive Talent Acquisition – versus operating in a dated, reactive mode – there are four key steps you can take now to kick-start a Big Data strategy in a manageable fashion:

- Consider Talent Acquisition in the overall context of the business—Align your Talent Acquisition efforts with your company's strategy and objectives. Conduct a talent needs assessment to better understand your workforce and gaps against today's business requirements. And if you're anticipating growth or entry into new markets, look ahead to the talent needed to succeed.
- Develop a "data acquisition" plan—Understand the type of data you need to support your strategic decision-making. When it comes to Talent Acquisition, this should include metrics such as time to fill, cost per hire, sources of hire, attrition rates and performance scores. You can also review your weblogs and external sources of data for key information and benchmarks to support your strategy.
- Find your data experts, or "scientists"—"A fool with a tool is still a fool," says software architect Grady Booch. Though Big Data is a great tool, it takes knowledgeable people to make the essential connections. Data analysis takes a specific skillset. If you don't have or can't develop such expertise internally, you'll need to look externally. Having experts who can analyze enormous datasets and create actionable insights is critical if you're to move forward with Big Data.
- Partner with business leadership—Your chance of Big Data success is much greater with support throughout the business. Aligning with other business leaders not only helps gain buy-in at the highest levels, it also provides opportunities to demonstrate success. For example, helping the vice president of Product Development efficiently and cost-effectively source a new development team is a great testimonial as you execute your strategy companywide.

### The Greatest Challenge

A recent survey by open source integration specialist Talend highlighted talent as the biggest challenge when it comes to implementing Big Data. "The problem is so widespread that in this survey, 52% of respondents specifically cited a lack of expertise in-house as their major problem, after budgets and time allocation."

Source: *Talend Survey Explores Big Data Market; Human Resources Still the Biggest Challenge*, CMS Wire, David Roe, March 5, 2013)

## Finding the Most Cost-Effective, Easy-to-Implement Solution

The aforementioned steps provide only high-level guidance on getting started with a Big Data plan. If you're one of the many HR organizations whose anxiety level is heightened by the perceived complexity of employing a Big Data strategy—and perhaps at a standstill on the idea—you don't have to go at it alone.

Companies that are looking to immediately gain that competitive advantage in the area of Talent Acquisition should seek to engage with a low-risk, cost-effective outsourcing solution. Doing so enables HR departments to quickly and easily plug in the power of Big Data without having to take on the risk and effort of creating an internal Big Data capability—while still delivering all the value of such effort.

The challenge for HR is that the competencies previously honed are not what will fuel HR's next evolutionary growth. It takes an entirely new set of skills to grow beyond HR's traditional functional role—often that of a "just-in-time" recruiter—and become a more analytic, strategic partner to the business. But until you develop or acquire such expertise, it might be wise to tap into a reputable third-party consultant.

## Closing Thoughts

Big Data is here. Do you wait, or act now?

As Virginia Rometty, Chairman and CEO of IBM, recently stated, “Data will be the basis of competitive advantage for every company, every industry for the next decade.”

And without question, it is supporting HR’s evolution from a traditional administrative function to a more valuable partner and player within the business—one that can help deliver true business results through strategic Talent Acquisition.

Nothing is more critical to business success than having the right talent in the right place at the right time. By leveraging Big Data, HR can enhance its recruiting efforts through more predictive, evidence-based decision-making.

*It’s not so much a matter of “if” you should act on the “Big Data for HR” opportunity, but “when.”*

Those who take initial steps, ideally with help from the right external partners, will be well on their way to transforming their Talent Acquisition efforts and enabling their companies to achieve greater business results.

The time to act is now.

## About eQuest

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